

NEWS: EUROPE

The EU's summit in Essen is marked by divisions over Bosnia, unemployment and enlargement

Hopes of wider union turn to fear of no union

By Lionel Barber in Brussels

Today's European Council summit in Essen ought to be cause for celebration but risks turning into a wake.

Essen was at first billed as a defining moment in the German-led strategy to build a wider European Union incorporating the former communist countries of central and eastern Europe. To the dismay of Chancellor Helmut Kohl, however, the two-day summit seems certain to be haunted by Bosnia.

All 12 EU leaders present, and Mr Jacques Delors, the outgoing president of the European Commission and potential candidate for president of France, recognise the corrosive effects of the Bosnian conflict as it poisons relations within the Atlantic alliance and with Russia.

The question is whether the rift between the US and Europe over strategy toward the Balkans will spread to the European Union, which next year takes in Sweden, Austria and Finland. France and the UK are acutely aware of German public opinion in favour of US calls to lift the UN arms embargo against the warring parties, which would help the Bosnian Muslim government.

Yet lifting the embargo is anathema. It would trigger withdrawal of the 23,000-strong UN peacekeeping force, to which France and the UK have contributed generously, and deepen the rift in NATO.

Greater Europe: the EU's domain widens

Membership past & present

First there were the Six (1958)

- 1 Belgium
- 2 France
- 3 Germany (west)
- 4 Italy
- 5 Luxembourg
- 6 Netherlands

... then the Nine (1973)

- 7 Denmark
- 8 Ireland
- 9 UK

... the Ten (1981)

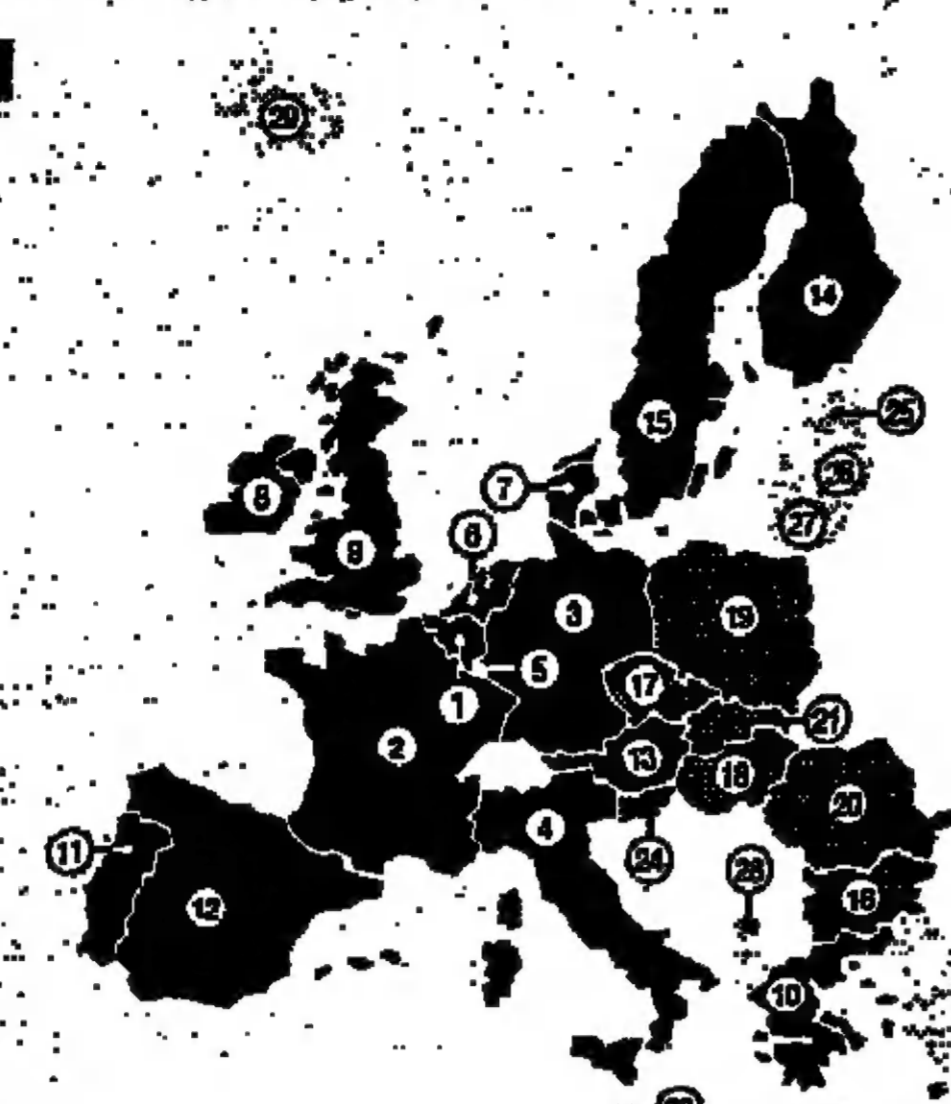
- 10 Greece

... The Twelve (1986)

- 11 Portugal
- 12 Spain

... and now the Fifteen (1993)

- 13 Austria
- 14 Finland
- 15 Sweden



Towards the next century

c2000

- 16 Bulgaria
- 17 Czech Republic
- 18 Hungary
- 19 Poland
- 20 Romania
- 21 Slovakia

EU developing up proposals for integration into its single market in preparation for full membership

- 22 Cyprus
- 23 Malta
- 24 Slovenia

Other potential candidates

- 25 Estonia
- 26 Latvia
- 27 Lithuania

EU planning negotiations for association agreements

- 28 Albania
- 29 Iceland
- 30 Turkey

* Have formally applied to join

the destruction of a multi-ethnic state recognised by the international community.

"You cannot underestimate the psychological damage caused by Bosnia, particularly on European public opinion," says a Commission official.

The same debilitating effect is evident in the item second on the Essen agenda - unemployment. True, the European economy is on the mend; but it is a jobless recovery. Europe still has about 18m people out of work, and there is little prospect of shortening the dole queues by much. "The EU has failed to answer the most fun-

damental question: What's in it for me?" says one Commission official.

Today in Essen, Mr Delors will again spell out the competitive challenge posed by the US and Asia. He will urge fresh measures to create jobs.

One idea is the multi-billion-dollar trans-European rail, road and telecommunications networks; others are the new "information highway" and a more imaginative approach to labour markets.

The third item on the agenda is eastern Europe, and it remains the issue on which the success of the summit is likely

to be judged. In the run-up to the Essen meeting, much has been made of Mr Kohl's hesitation about inviting the leaders of Poland, Hungary, the Czech republic, Slovakia, Bulgaria and Romania, which all hope to join the Union.

Doubts grew after the German presidency of the EU soft-pedalled on trade liberalisation measures and avoided a commitment to reform of the structural funds and the common agricultural policy, both of which are necessary if the costs of eastward enlargement are not to be prohibitive.

Sir Leon Brittan, chief EU

trade negotiator, rejected much of the criticism this week. He singled out a planned blueprint for EU accession setting out steps for adapting laws, state aid, norms and standards to allow the six eastern European states to adjust progressively to the single European market.

German officials agree that the package for eastern Europe reaches the limits of what other countries - notably the Franco-Spanish-led "Club Med" bloc - would tolerate.

France underlined the point by insisting that EU funds for eastern Europe over the next five years would have to be matched with more money for the Mediterranean, specifically North Africa.

This linkage between eastern Europe and the Mediterranean is new. Perhaps France and Germany are striking a sensible bargain for joint EU action to counter instability on the EU's periphery, but France may also be seeking to counter the eastward pull of a unified Germany with its own shift to the south.

This would mark a division of Europe into old-style spheres of influence, an arrangement which falls short of the proclaimed European Union created by the Maastricht treaty.

But, as Mr Delors is likely to point out to the leaders over dinner tonight, the Union is not living up to its name: its common security and foreign policy is a sham; and the loose inter-governmental co-opera-

tion supposed to deal with justice and home affairs has failed to produce a single achievement in the past 12 months.

The Commission blames British and Spanish blocking tactics, but also singles out unyielding French opposition to diluting the power of its own national police forces, led by Mr Charles Pasqua, the right-wing interior minister.

The Euro-activists, whose champion is Chancellor Kohl, believe they have the answer: a faster route to political and economic union, buttressed by greater powers to the European Parliament and the European Commission, led by an inner core of integration-minded EU states. Their target date for action is the inter-governmental conference of 1996 to review the Maastricht treaty.

Those of a more passive persuasion, particularly UK prime minister Mr John Major, will resist. Their political survival depends on stopping a Great Leap Forward in Europe. Still, as Mr Major disclosed this week, there may be contingency plans for referendums on Maastricht 2, specifically any move to join a single European currency.

The struggle between these two opposing camps will be one of the sub-texts of the Essen summit. Its outcome will have a decisive influence on how the EU resolves the official item on today's summit agenda: the integration of western and eastern Europe.

EU-wide rules to protect data likely

By Emma Tucker in Brussels

The European Union yesterday took a big step towards adoption of EU-wide data protection rules. Ministers believe they are vital for the development of the information superhighway.

Ministers meeting in Brussels agreed that plans to harmonise rules protecting personal information would be adopted by the year's end, provided a final text was agreed.

The decision overrode strong objections from Britain which believes legislation is unnecessary and that the Brussels plans will impose heavy costs on the private sector. However, with all other member states backing the initiative, the UK (which has minimal data protection laws) will almost certainly have to take the measures on board.

The Commission said the proposals were essential to speed cross-border provision of financial and other services which are hindered by differing data protection regimes.

Further, the development of new electronic highways will make it much easier for EU consumers to choose mortgages, life insurance and other services from outside their home country. Brussels says this will not be possible without a single regime for data protection.

The plan gives countries 12 years to introduce rules covering information stored on paper rather than on computers. Also, data protection will be only be applied retrospectively to manually held data where people actually require access to the information.

At yesterday's meeting ministers also discussed progress in the single market. Brussels produced by Brussels showed Greece and Germany with the worst record for adopting outstanding measures deemed crucial for the free flow of goods, services and capital.

Mr Günther Erbrodt, the German economics minister, reacted sensitively to suggestions that Bonn was dragging its feet, saying much legislation had not been adopted for technical reasons. He added: "It is also due to the fact that we want to look at the content of the directives to make sure that the principle of subsidiarity has been adhered to."

Mr Ramon Valls D'Ardan, commissioner responsible for the single market, said 1994 had been a disappointing year for the single market with a lack of political commitment from member states.

On the eve of its second anniversary, he said developments had been most disappointing in intellectual and industrial property, public procurement and insurance.

Greece, which has only implemented 77.9 per cent of the single market legislation is the worst offender by a long way. Of a total of 217 measures, it has made no progress on 43. This compares with Denmark the champion - which has only eight outstanding.

The second slowest country is Germany which has made no progress on 26 directives, followed by Ireland with 34. France is the second most efficient, followed by Britain, which has still not adopted 14 bits of legislation.

Brussels also accused member states of failing to respect the principle of mutual recognition, whereby they recognise each other's standards for goods and services where no harmonisation legislation is deemed necessary.

Member states now look certain to back a Commission initiative that will require them to inform Brussels every time any one of them intends to ban or reduce entry for a product lawfully produced in another member state.

González to 'take hostages' on fish issue

By Tom Burns in Madrid

Mr Felipe González, the Spanish prime minister, has thrown his weight around before at European summits but never has he pushed brinkmanship quite so far as he will today at Essen. When Mr Jacques Delors, president of the European Commission, criticised national governments on Wednesday for "taking hostages" in order to get their own way in the Union, he had Mr González in mind.

Mr González's offence is that he served notice in a letter to German Chancellor Helmut Kohl last week that Madrid would block the EU's enlargement to incorporate Austria, Finland and Sweden next month if Spain, together with Portugal, failed to obtain legal guarantees on its inclusion in the Common Fisheries Policy (CFP) by January 1 1995. The Spanish premier is poised to repeat his threat verbally to Mr Kohl

in the presence of Mr Delors and of the others meeting in the central Ruhr town.

Although the CFP is not on the Essen agenda, "the issue is very likely to come up," said Mr Miguel Gil, the Spanish government spokesman. A veteran of a score of European summits, Mr González dug his heels in over revenue raising at Maastricht in 1991, over structural funds at Edinburgh a year later and most recently over qualified majority voting during the Greek presidency earlier this year.

On this occasion, however, Mr González has a powerful legislative back-up to his obstinacy. In October the Spanish parliament voted not to ratify the accession of the three new members unless Spain first obtained guarantees lifting restrictions on its fishing rights in EU waters.

"The prime minister wrote to Chancellor Kohl that the vote had been unanimous and unequivocal and that

he [Mr Kohl] should therefore concentrate on the fishing issue," said Mr Gil. Mr Carlos Westendorp, Madrid's EU secretary of state, was more emphatic: "Our position is well entrenched. Parliament has closed off any retreat."

Mr Kohl may be irked by the sight of a Spanish deep-sea trawler muddying the clear waters of enlargement. Madrid, however, insists that it is up to the German presidency to break the deadlock at the EU's fishing council, where a series of bitter arguments continue to hold up what the EU had agreed in principle months ago as part of the enlargement package.

In a concession allowing Norway to preserve its own fishing grounds, the Twelve agreed in March to bring forward the entry of Spain and Portugal to the CFP from 2003 to 1996 and to settle the terms of their inclusion by the end of this year.

The fact that the Norwegian people in a referendum rejected joining the

Union does not in Madrid's view, alter a single sentence of the March commitment. But the EU's council of fishing ministers meets on December 19-20 amid strong disagreements over what the CFP will look like with the inclusion of Spain and Portugal and the fear that an 11th-hour consensus may prove impossible. "This month's council is the last cartridge because we've used up all the others," said Mr Westendorp. "It has to receive a clear message from Essen."

Clarity is all too necessary because the fishing council has become confused over the Commission's proposals to use the extension of the CFP to introduce stricter rules on where and how trawlers operate.

The new rules are disliked by Spain, which has been subjected to similar restrictions ever since it became Europe's 12th member in 1986, as much as by the rest who view them as intrusive and unwelcome. In addition, Ireland and the UK have not

abandoned their hopes of keeping Spain's 200-strong fleet of large trawlers out of the "Western Waters" on the grounds that the "Irish Box" is a sensitive zone requiring biological protection.

The Irish-British objections cause considerable anger in Madrid, where officials say the insatiable Spanish demand for fish has revitalised the industry in the EU. Ireland exported 600 tons of fish to Spain in 1993 and last year it exported 6.5bn tons, all of them high price and high quality," says Mr Rafael Conde, Madrid's director general of fishing.

At issue, in Spain's view, is whether the EU has a genuine common fishing policy or a set of national ones and, specifically, whether the Union is prepared to end the discrimination that it imposes on two of its present members before it accepts any new ones. "We must have an internal house-cleaning over the fishing business before enlargement," said Mr Conde.

France aims to divert aid southward

By David Buchan in Paris

France said yesterday it hoped the Essen summit would endorse proposals to bring European Union aid to the Mediterranean aid to better balance with the money flowing to the east.

"At a time when the European Union is reaching out to the east, it is important that it should not forget its southern flank - the Mediterranean region, stretching from the Maghreb to Turkey and including Malta and Cyprus," said Mr Jean Mustelli, President François Mitterrand's spokesman.

In recent years, EU aid to the Mediterranean has amounted to only 40 per cent of that going to eastern Europe. France is backing Commission proposals to increase Mediterranean aid to Ecu5.5bn (£4.8bn) over the next five years, compared with a planned Ecu7.5bn destined under the Phare programme for east Europe.

France believes it has gained German support for more EU resources for the south, as part of a trade-off in which Paris has shown itself steadily more enthusiastic and open to Bonn's concerns about enlarging the Union to the east.

While acknowledging that little can be usefully done for Algeria until that country settles its brutal civil war, France wants the EU to press on with negotiations for freer trade with neighbouring Morocco and Tunisia.

Mr Alain Lamassouere, France's EU affairs minister, stressed that the French presidency in the first half of 1995 would strongly back a recent Commission compromise proposal on imports of Moroccan tomatoes, a tender subject for EU growers.

France plans to use its presidency of the Council of Ministers to set in train a summit meeting between EU and Mediterranean countries. But France is already due next spring to host a gathering of purely Mediterranean countries which it is organising with Egypt. So the EU-Mediterranean summit is likely to be hosted by Spain, which takes over the EU presidency baton from France next July.

Britain's Labour party says No to 'no veto'

By Christopher Parkes in Essen

Britain's Labour party left its calling card on the doorstep of the European summit yesterday. It was a pungent reminder that if the time should come when it is Britain's official EU representative, it will bring with it a firm resolve to maintain the right (as the former Mrs Margaret Thatcher would have it) to say "No, no, no."

The occasion was a pre-summit sub-summit called to allow leaders of European socialist and social democrat parties to

draft their would-be agenda for the future of Europe, and wave farewell to Commission president, Mr Jacques Delors.

In the absence of Mr Tony Blair, Labour's deputy, Mr John Prescott was left to shepherd through a key amendment - in defence of the notorious right of veto - to the meeting's final declaration.

Someone, it seemed, had sneaked in a cheeky paragraph proclaiming: "We say 'No' to any individual state having a right to veto further development of the Union."

"This," Labour protested, "is a major addition to the text

which has not been in any previous text or raised in previous discussions and which the Labour party is unable to accept." The clause accordingly disappeared from the final version.

France's Socialists, represented by Mr Henri Emmanuelli, had less luck with their attempt to commit the movement to a policy of waiting until the end of the 1996 inter-governmental conference on the reform of EU institutions before even thinking about enlargement.

Just as Mr Emmanuelli echoed the official French line, so Mr Rudolf Scharping, Germany's Social Democrat leader, echoed that of Chancellor Helmut Kohl, who will preside over the summit today.

Mr Scharping warned of "negative consequences" should Germany's central and eastern European neighbours be told to forget about entry negotiations for two or three years.

Mr Delors ducked. "It is really a question of linguistics," he ventured. But it was also a question of coping with enlarging EU membership from 12 to 15, 16 or even 27. What was important was to be clear about what sort of "marriage contracts" were needed or practicable.

East Europe impatient for seat at the top table

By Anthony Robinson

A belated invitation from Chancellor Helmut Kohl to attend the concluding session of the European Union summit in Essen is not as humiliating as a summons from the Soviet leadership to attend a Comcon meeting in Moscow used to be. But neither is it the sort of open and frank dialogue which the six aspirant members from central Europe had hoped to establish with the EU in the five years since the collapse of the Berlin Wall.

Attitudes east of the Elbe have changed while Brussels dithered over plans for the EU's *Drauf nach Osten* (drive to the east). At first the nations liberated from the Soviet yoke blithely assumed that they would be safely scooped into the west's economic club, the EU, and its military safety net, NATO. But that vision of bliss born out of ignorance did not survive long.

As central Europe plunged into painful shock therapy the EU subtly sailed on the EU's western alliance as whole was diverted by the Gulf war and sucked into the Yugoslav vortex. To cap it all, recession sparked off anti-dumping and other restrictions on iron, steel and textile imports from eastern Europe

and meat import bans for spurious sanitary reasons.

The recipients of initial EU "aid" also soon realised it took a form more convenient to the donors, like surplus grain and reduced civil servants, than useful to the recipients.

When negotiations for "association agreements" began in 1990, the central Europeans found that the Brussels view of trade was very similar to that of Comecon commissars: "A jungle of complex quotas and haggling over the precise details of dried mushrooms," as Mr Andrzej Olechowski, in charge of Poland's negotiations with Brussels, describes the drawn-out process.

Instead of a Marshall plan-like strategic vision of a united Europe, Brussels opted for nit-picking bilateral treaties with the individual applicants for eventual membership, adds Mr Janos Martonyi, Hungary's European affairs expert.

The Copenhagen and Edinburgh EU summits and subsequent revisions to the bilateral association agreements with Bulgaria, the Czech Republic, Hungary, Romania, Poland and Slovakia have improved market access and opened the door to eventual full entry, without however specifying a timetable or clearly laying down the necessary criteria.

Thanks to the relative openness of EU markets, Germany has replaced the former Soviet Union as the principal market and source of imports for all aspirant members, while trade with the EU states as a whole is also well over 60 per cent of their total.

All aspirant members are showing strong, export-led growth and building up their laws and institutions to be EU-compatible. They are also re-establishing trade and other links with the former Soviet states - but on a private trade and contact level, not the rigid, hierarchical inter-party and inter-state basis of yesterday.

The six central European leaders invited to Essen are glad of the opportunity to be seen alongside their west European confreres at the farewell photo opportunity. The fastest possible integration into the EU remains the focal point of their economic and foreign policies. They see economic prosperity and ever growing investment and trade links as integral members of an enlarged EU as the more reliable basis for future security.

But above all they want to be part of the negotiating process which redefines the political and economic shape of 21st-century Europe, not just on the sidelines of great events.

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Belgian minister quits amid fraud claims

Belgium's defence minister, Mr Leo Delcroix, resigned on Thursday following allegations of tax fraud in connection with a villa he owns in the south of France. Reuter reports from Brussels.

Mr Jean-Luc Dehaene, the prime minister, said he had accepted the resignation of the 45-year-old politician, who denied the allegations on Wednesday. The Flemish Christian Democrat Mr Karel Pinxten has been named as Mr Delcroix's successor. Mr Pinxten, 42, was a member of the Belgian parliament from 1989

to 1991 when he was elected to the Belgian parliament.

Mr Delcroix, who became defence minister in March 1993, was previously general secretary of a leading Belgian political party, the Christian Democrat CVP. Mr Dehaene's party. In his resignation letter he said: "In my new situation I can defend myself better against the insinuations and accusations... which I consider extremely unjust."

The Belgian magazine *Humo* alleged earlier this week that he had defrauded the tax authorities in connection with

his French villa and had used "black labour" to build it.

Three Belgian socialist politicians, including deputy prime minister Guy Coens, resigned from central and regional government posts last January over the so-called *Agusta* affair involving alleged bribery in an army helicopter contract.

Earlier this year Mr Delcroix denied he owned a house in France but said on Wednesday he had been deliberately vague about it so as not to compromise his chances in European parliament elections. He did well in the poll but did not

take up a seat.

He told a news conference on Wednesday he owned a majority stake in a French company, *Capricorne Sud*, whose main asset is the villa and the land it is built on. He said he had acquired the stake for about BF300,000 (\$340,000).

Political analysts said yesterday that a lot of questions remained after Mr Delcroix's explanation. One claimed that Mr Dehaene had apparently tried to limit the damage to his government by asking the minister to resign.

The *Humo* report, headlined

"Chronology of a lie", quoted a tax expert as saying that many Belgians using black or undeclared money to buy a villa in southern France use the cover of a French company. "Capricorne Sud fits entirely into this scheme," *Humo* said.

Mr Delcroix said the money for the villa came from "my family, my wife and myself, from parents and parents-in-law. It is just a family project."

He estimated it was worth between BF15m and BF20m (\$488,000 and \$625,000), rebutting suggestions that it was worth BF70m (\$218m).

Precision movements

by **RAYMOND WEIL**
GENEVE

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حکومت من الاصل

EUROPEAN NEWS DIGEST

Slovaks reach coalition deal

Mr Vladimir Meciar will form a coalition government in Slovakia with extreme right and left-wing parties on Sunday, more than two months after he won national elections. Mr Meciar and his Movement for a Democratic Slovakia (HZDS) had previously planned to form a government only after the 1995 state budget was passed. The HZDS - which won 35 per cent of the vote in October's election on a populist-nationalist platform - said it would sign a pact with the extreme right-wing Slovak National Party (SNS) and left-wing Slovak Workers' party. The parties have agreed that the HZDS will contribute 10 ministers, the Workers' party three and SNS two, the state news agency, TASR, reported. Mr Meciar is expected to return as prime minister after being ousted in March by a parliamentary vote of no confidence. He stunned the caretaker government last month by pushing through a series of controversial laws, effectively giving his coalition parties control of the state broadcast media and state intelligence service. The all-night session also reversed 50 privatisation decisions made by the outgoing cabinet before the elections. *Reuters, Bratislava*

EU clears aid for Eko Stahl

The European Union yesterday cleared a DM310m (\$580m) aid package for Eko Stahl, former east Germany's biggest steel plant, opening the way for Cockfield-Sambre de Belgium to take over, modernise and eventually privatise the loss-making enterprise. An initial package involving capital injections of more than DM1bn was cut after other EU countries objected. In particular the UK, which did not think sufficient capacity reductions were accompanying the aid. Under yesterday's deal, Germany will cut 41,000 tons of steel capacity in the east. The deal should come into effect on January 1, when Cockfield-Sambre will take an initial 50 per cent stake, with the option of taking the remainder from the Treuhander privatisation agency by 1998. The aid will be used to modernise the plant's cold-rolling mill and blast furnace, but also to build a new hot-rolling facility. *Emma Tucker, Brussels*

EU border checks end in March

The Schengen accord to end border controls between nine European Union states will finally come into effect on March 26 next year, Mr Yves-Thibault de Silguy, one of France's new EU commissioners, told *Le Figaro* newspaper in an interview. "Schengen's all sorted out. On December 22, we will announce that the accords come into effect on March 26," said Mr de Silguy, who takes over as economic and monetary affairs commissioner at the end of next month. "On that date Schengen starts being applied and the signatory countries must take measures to get rid of border controls before the summer," he said. Officials from the nine are due to meet in Heidelberg, Germany, on December 22 to set an official implementation date, which has been put back since January 1993. Last month, Germany said the accords should come into effect by April at the latest. Germany, France, the Netherlands, Belgium, Luxembourg, Italy, Spain, Portugal and Greece have signed the accord. Austria, which joins the EU next month, has observer status. Britain, Ireland and Denmark have kept their distance as have the two other new members, Finland and Sweden. *Reuters, Paris*

Hungary's energy prices soar

Hungary's Socialist-led government yesterday agreed huge energy price rises but backed off from the even higher price increases recommended by its energy office and advisers working on the privatisation of the country's electricity and gas companies. Mr László Pál, industry minister, said electricity prices for households would rise by 65 per cent and for gas by 55 per cent from January. Details of price rises for industry were not given, but Mr Pál said they would be significantly lower than those for domestic users. To soften the blow, the government, which faces nationwide local elections on Sunday, will allocate Ft9bn (\$31.2m) from the state budget to compensate those most hit by the increases. The price rises increase the value of the state electricity and gas companies which the government plans to privatise next year, but analysts estimate household energy prices, which are controlled by the state, need to rise by 100 per cent to bring them to world levels and cover production and modernisation costs. *Virginia Marsh, Budapest*

Nadir's debt accord challenged

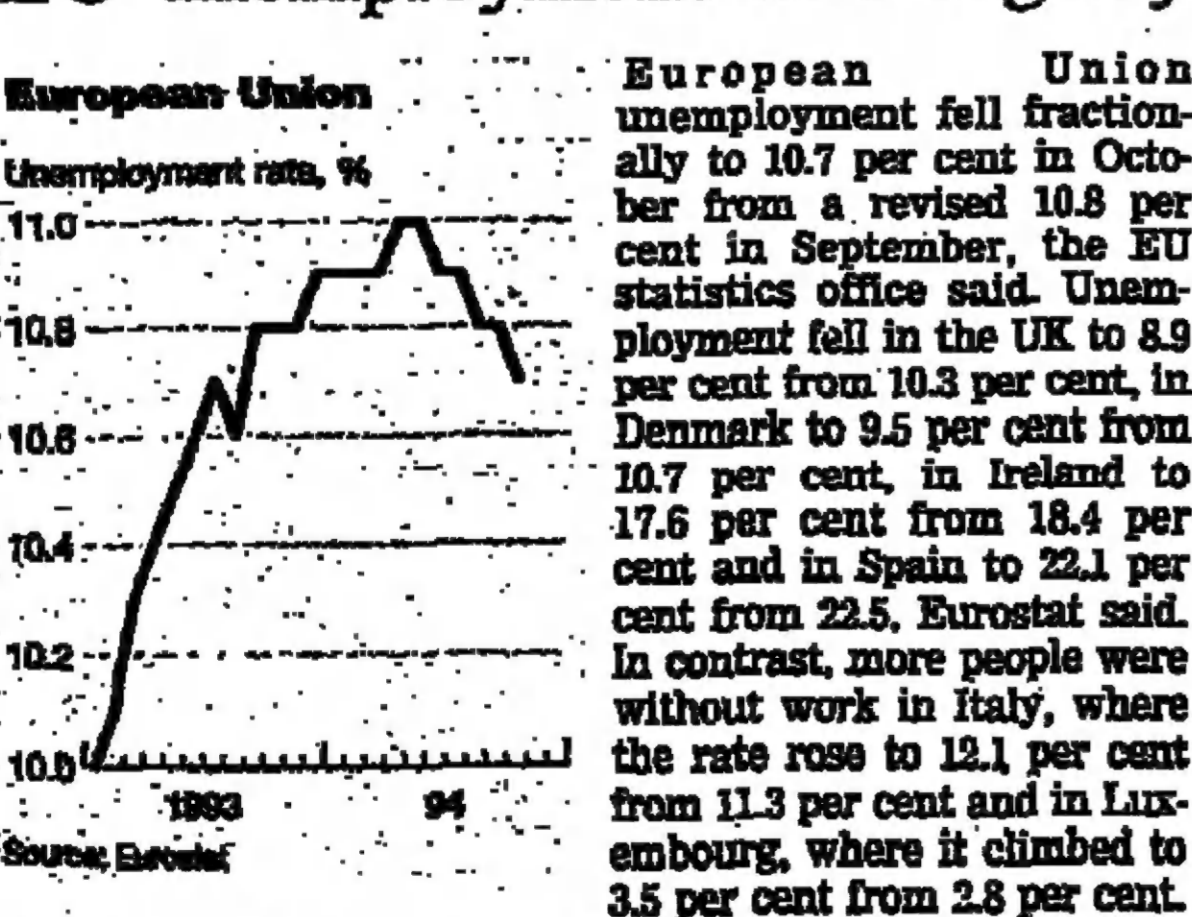
An agreement between Mr Rauf Denktaş, president of northern Cyprus, and Mr Asil Nadir, the fugitive businessman, over settlement of his estimated \$10m (\$3m) debt to the government faced collapse last night after shareholders of his companies disputed his right to use them to cancel his debt. Mr Denktaş announced after a nine-hour cabinet meeting on Wednesday night that Mr Nadir would transfer the Cyprus-based Sunzest citrus company, formerly part of his Polly Peck International group, to the government. In return the government would waive his debts of about \$10m. However, lawyers for PFF's administrators and shareholders denied Mr Nadir's right to sell Sunzest. Although he is a director, they claim, the company is actually owned by an offshoot of an Isle of Man company. They are now threatening court action which could unravel the deal. Mr Nadir owes the government back taxes, unpaid rent on leased government hotels he manages and social security payments deducted from employees' pay but never transferred to the Treasury. *John Barham, Nicosia*

Vladivostok mayor fights back

The former mayor of the Russian far eastern city of Vladivostok, who was forcibly deposed by the regional governor in March, demanded his reinstatement yesterday with the support of citizens' groups. Mr Victor Cherepkov was cleared last Friday of charges of taking bribes - allegations levelled against him by Mr Yevgeny Nazdratenko, governor of Primorskye Krai, the far-eastern region. The *Svechnya* newspaper reported Mr Cherepkov as saying he would sue the governor - who was the object of a report by Russian liberal parties that demanded his sacking on the grounds of arbitrary and corrupt rule. A group of parties in Vladivostok - which has become a byword for organised crime and corruption - issued an appeal to Mr Boris Yeltsin, the Russian president, demanding the former mayor's reinstatement. *John Lloyd, Moscow*

ECONOMIC WATCH

EU unemployment falls slightly



The EU's male unemployment rate fell to 9.3 per cent in October from 9.6 per cent a year earlier, while the female rate rose to 12.8 per cent from 12.6 per cent. *Reuters, Brussels*

- French non-farm market sector payrolls rose by 59,100 (0.4 per cent) in the third quarter of 1994, after gains of 0.2 per cent and 0.6 per cent respectively in the first and second quarters.
- Industrial production in Denmark rose by 5 per cent in September compared with the same month last year.

UK holds back from Bosnia withdrawal

By Bruce Clark in London and Laura Silber in Belgrade

Britain decided yesterday to keep its peacekeepers in Bosnia for the time being, while the US offered to contribute a "substantial portion" of any Nato force sent to provide cover for a withdrawal.

A White House official said President Bill Clinton "believes it is important the US, as a leader of Nato, be ready to assist our allies if their forces are in danger". But the official

added that Washington still hoped a withdrawal would be avoided and it recognised the humanitarian achievements of the European-led force of UN soldiers in Bosnia.

The latest US pronouncements - acknowledging the peacekeepers' role, while standing ready to help withdraw them if necessary - amounted to a gesture of reconciliation towards Washington's European allies.

In London, senior government ministers decided to keep

the status of British troops in Bosnia "under very close review" after hearing gloomy assessments from Mr Douglas Hurd, foreign secretary, and Mr Malcolm Rifkind, defence secretary.

But no decision was made to withdraw the British contingent of more than 3,000 soldiers, and officials said they were still conscious of the tragic consequences a pullout could have.

The officials said London's pessimism reflected the nega-

tive signals coming from many different quarters in Bosnia, including Mr Radovan Karadzic, whom they viewed as "erratic and unpredictable" despite his offer this week to enter negotiations.

British officials also viewed as "disgraceful" an attack on UK policy in Bosnia by Mr Mohamed Sacirbey, the Bosnian ambassador to the UN, who has accused the UK of condoning the Serbs' conduct.

In Sarajevo, the UN accused the Croatian army of interven-

ing directly in the fighting in Bosnia and called for its immediate withdrawal. The allegations of intervention by Zagreb have renewed fears of fighting between Croats and Serbs.

Mr Momcilo Krajisnik, a Bosnian Serb leader, warned that if the UN failed to act, Serb fighters would be "forced to reclaim Serbian lands" from the Croatian army in Bosnia.

Croatian intervention appears to be aimed at driving a wedge between Serb-held lands in Bosnia and Croatia.

Mr Milan Babic, a leader of the rebel Serbs from Croatia, warned that Zagreb's military involvement would sabotage an agreement recently signed between the Croatian government and Serb-controlled areas on the restoration of economic links.

"This participation of the Croatian army clearly breaks international law and is a violation of the sovereignty of the territory of Bosnia," said Mr Thant Myint-U, a UN spokesman.

UN sees proliferation of Serb missile sites

Serb forces have installed missile batteries covering at least 40 per cent of Bosnia to blunt Nato air power in a further blow to the viability of the United Nations mission in the country, *Reuters* reports from Zagreb.

UN officials said that surface-to-air missile systems, springing up on Bosnian Serb-held terrain before and after Nato air raids on Serb targets, have compounded problems clouding the future of UN operations in Bosnia.

Serb forces have set up missiles trained on "40 per cent of Bosnian air space or more" in a challenge to Nato, whose sorties over Bosnia are meant to deter attacks by combatants on UN humanitarian operations.

The rocket sites were thought to be concentrated around the capital Sara-

jevo, Bihac and Banja Luka. The first two are government-controlled enclaves ringed by Serb forces, while Banja Luka is the largest Bosnian Serb city and bastion of their most

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added that Washington still hoped a withdrawal would be avoided and it recognised the humanitarian achievements of the European-led force of UN soldiers in Bosnia.

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added that Washington still hoped a withdrawal would be avoided and it recognised the humanitarian achievements of the European-led force of UN soldiers in Bosnia.

airlift was suspended after the Serbs threatened retaliation over Nato air strikes last month that knocked out several rocket sites and an airfield to punish the rebels for bombing Bihac, a supposed UN "safe area".

The Serbs' warning, given teeth by repeated pinpointing of patrolling Nato jets by their air defence radar, also prompted Nato to ground its aerial task force for a week.

"There's been no let-up in Serb harassment of UN personnel (despite UN requests)," Mr Williams said. "For example) the detention of UN personnel hardly contributes to a favourable assessment for (continuation) of Unprofor's mission. Detentions are part of a larger picture, increasingly preventing a successful operation of Unprofor. "The limits

must be decided by the national governments and the UN security council," he said. "Our credibility is obviously a matter of considerable concern now."

Mr Williams added that the Bosnian Serb high command was "quite adamant" in telling Unprofor last Monday that it would not restore safety guarantees for the Sarajevo airlift as long as its forces were exposed to Nato air attack. The aerial bridge into Sarajevo has provided 83 per cent of the vital supplies for the Bosnian's capital's 380,000 inhabitants since it was started more than two years ago. There are fears that the city will start running critically short of supplies if the airlift is not resumed within a week.

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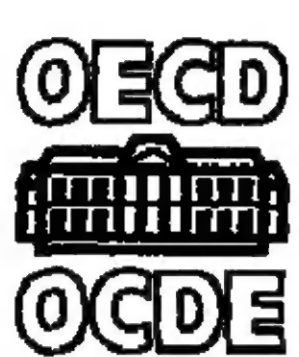
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Strong yen biggest risk for Japan

By William Dawkins in Tokyo



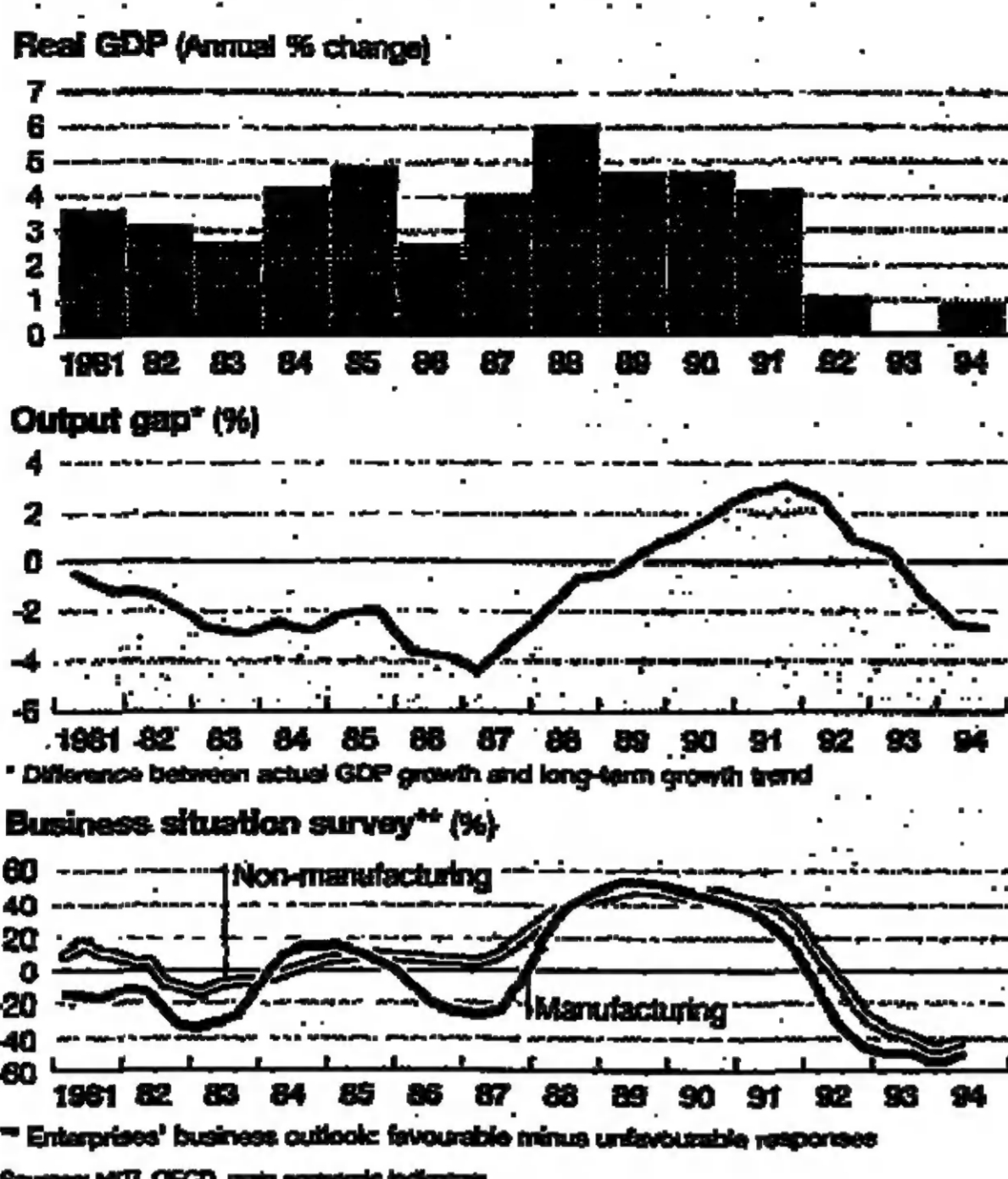
The yen's strength is the biggest risk to the emerging economic recovery in Japan, the Organisation for Economic Co-operation and Development warned yesterday.

Its annual survey of Japan argues that the high yen could force companies to reduce capital investment and employment again, in response to a decline in export market share. At present exchange rates, gross domestic product is expected to rise by 1 per cent this year - higher than the OECD's preliminary June estimate of 0.8 per cent - and by 2.5 per cent in 1995.

The OECD does not expect Japan to revert to the high growth rates of the 1980s, though it says there is a "good chance" that this upswing will be more durable than last year's phantom recovery.

A cut in official interest rates could ease the pressure on the yen and lift sluggish credit growth, says the OECD, a regular critic of the Bank of Japan's cautious monetary policy. Yet the need for monetary relaxation is being reduced as the economy strengthens, it admits. The OECD counsels against risking another boom

Japan's growth performance



in asset prices, the main reason why the Bank of Japan is reluctant to cut official interest rates below their already record lows.

On the whole, the Japanese government wins the OECD's praise for the way in which it has pulled the economy out of the deepest recession since the

first oil crisis, through a mixture of public works spending worth 10 per cent of GDP over the past two years, income tax cuts, and easy monetary conditions. This strategy has had success in compensating for the declines in private sector investment and exports, where the recession was rooted.

Private consumption, stimulated by the tax cuts, appears to be leading a turnaround which started in the first half of this year. Business investment is expected to follow, to stabilise from a four-year decline in the second half of the year and to start growing again in 1995.

However, output will continue to be below potential, so that the present gentle decline in consumer prices will continue in 1995. Unemployment, now at 3 per cent, is expected to drop slightly as growth recovers. Imports should rise rapidly enough for the current account surplus to fall from last year's 3.1 per cent of GDP to 2.8 per cent this year and 2.5 per cent next.

The government should now turn its attention to controlling the budget deficit, which has risen steeply since 1992, so as to fund the fiscal packages. The place of advice will please the austere finance ministry as it fights other ministries' claims for increased spending in the final preparation of next year's budget, due to be published late this month.

According to the report, the combined central and local government deficit will rise by two percentage points this year to nearly 6 per cent of GDP. This would bring gross debt, excluding a temporary surplus on the social security budget, to 83 per cent of GDP, well

above the OECD average.

A recently agreed increase in Japan's sales tax will help restrain the deficit and contribute to finding an expected rise in welfare payments, says the OECD. A further shift towards indirect taxation is recommended, because the government is seen as over-reliant on revenues from direct taxation at a time when the income tax take is set to decline because of a fall in the number of wage-earners. The government should meanwhile seek more savings by making the public sector more efficient, the OECD recommends.

In the medium term, the key to sustaining the recovery lies in economic deregulation, says the OECD. Yet progress so far in reducing regulations on business, representing 42 per cent of total value added, is widely seen as too cautious and slow, says the study. The four deregulation packages published over the past year covered some of the issues in a 1988 deregulation scheme, much of which remains to be adopted.

The government should switch its deregulation strategy from the present focus on packages containing hundreds of small steps to the sweeping approach advocated by Mr Genshiro Hirata, former chairman of the Keidanren, Japan's leading business federation, in a report to the government.



Kaifu: on top

Kaifu is elected to head new alliance

By William Dawkins in Tokyo

Mr Toshiki Kaifu, a former Japanese prime minister, yesterday staged a political comeback when the country's new opposition alliance elected him as its first leader.

Mr Kaifu, only seven months ago a member of the Liberal Democratic party, now leads the New Frontier party (NFP), the main political threat to his former colleagues. It is the result of a merger of nine opposition groups, to be formally launched tomorrow, dedicated to making Japanese politics more responsive to the aspirations of the electorate than to the will of party factions.

The NFP's birth comes two weeks before the introduction of the new political and electoral system, pioneered by Mr Kaifu, which provided the impulse for its formation.

He won 131 of the votes cast by the NFP's 214 upper and lower house members of parliament, easily beating his main rival, Mr Tsutomu Hata, prime minister of the last government, who attracted 52 votes.

Mr Ichiro Ozawa, Japan's most powerful behind-the-scenes political strategist, who engineered the NFP merger, was elected unopposed as secretary general. Yesterday's vote reunites the pair who brought the LDP a general election victory in 1990, when Mr Kaifu was LDP prime minister and Mr Ozawa his secretary general. This brings some stability to formerly shaky opposition politics, though the new party is marred by rivalries at the top. It also gives Mr Kaifu, 64, some compensation for his failed attempt for power on leaving his old party last June in protest at the LDP's decision to back Mr Tomiichi Murayama, head of the Social Democratic party, to succeed Mr Hata as prime minister. Mr Kaifu stood against Mr Murayama and lost by a wide margin.

Mr Kaifu's first job will be to resolve discord between his most important supporters, expelled by the election battle. Relations have cooled between Mr Ozawa and Mr Hata, former close political partners who brought down the LDP after 38 years in power by leading a defection to form an opposition group early last year.

Despite the problems at the top, the pressure on party members to stay united is strong.

The NFP has 187 seats in the lower house, well short of the ruling coalition's 293. It can increase this only by wooing defectors and by uniting in the general election, which some senior LDP officials favour holding early next year. New funding rules favour large parties.

Japanese house prices compared internationally

	Japan	France	Germany	Netherlands	UK	US
Detached house, nationwide						
Price (€)	442,000	282,100	158,900	168,800	100,300	
Ratio to average annual earnings	15.5	9.8	5.5	7.5	3.8	
Detached house, capital city						
Price (€)	960,100	436,800	179,400	244,100	108	
Ratio to average annual earnings	20.6	16.4	6.2	10.8		
Apartment, capital city						
Price (€)	457,000	283,000	158,100	56,300	140,200	
Ratio to average annual earnings	13.5	11.4	5.8	1.9	6.2	

Source: Daiwa, Williams and Woods (1993); OECD; US Bureau of the Census

An individual house standing on its own plot of land

Or most expensive region in the case of the Netherlands

* Termed house in the case of the UK

Time to end sky-high property price system

By William Dawkins

Japan's sky-high land and property prices are to blame for some of its most pressing economic problems, according to the Organisation for Economic Co-operation and Development.

Its latest report on Japan argues that more deregulation of the property market would increase quality of life and boost consumption. The need to lay aside nine times average annual income, at today's prices, to buy a small home helps to keep Japan's savings rate the highest in the world, so inflating its politically troublesome current account surplus, says the OECD.

High land prices also explain why Japan's infrastructure is well behind its economic wealth. Only 44 per cent of homes are connected to sewers and Tokyoites have only 2.5 square metres of parkland a head, less than a tenth of the green space available to Londoners, says the report.

The cost of commercial space is a barrier to investment by small and medium-sized for-

eign companies, one reason why foreign corporate investment in Japan runs at one twentieth of Japanese investment abroad.

By any measure, Japanese land prices are further above international norms than its consumer prices, even after the one-third fall in property values since the collapse of the asset price bubble in 1991. At \$1,500 a square metre, the mean price of Japanese residential land is more than 12 times that of the UK, the most expensive in Europe, says the OECD.

To achieve the Japanese government's target of reducing house prices to five times average income from the current nine times, another 21 per cent fall in prices is needed, estimates the OECD. Radical changes to the tax system, to encourage a more liquid property market, are required. The OECD also calls for more flexible land leasing laws, to make it easier for landlords to change the use of properties.

This would enable a more efficient, and concentrated, use of land. Contrary to popular

myth, Japanese cities are not particularly crowded, just poorly planned. Tokyo's population density, for example, is less than one-sixth that of central New York City. Astonishingly, 15 per cent of Japan's three largest cities is farmland, double the housing area. On top of that comes a substantial acreage of vacant parking areas and derelict industrial sites.

City populations are high because cities are more spread out than their OECD counterparts. Japan's largest cities sprawl across an acreage equivalent to half its farmland; the ratio for the rest of the OECD is 8 per cent.

Urban Japan's underused expenses exist partly because capital gains taxes on land decline the longer it is held, the annual tax on fixed assets is very low and land transaction taxes are high. So land is cheap to hold and expensive to sell. The law continues to give landlords no guarantee of being able to repossess property at the end of a lease, so hindering better use of underused land.

Tokyo's ruling coalition gets WTO ratified

By William Dawkins

Japan yesterday ratified the establishment of the World Trade Organisation, the climax of a protracted parliamentary session, ending today, the results of which will be felt for many years.

In passing the WTO bills, the three-party ruling coalition of conservatives and socialists has defied its critics. Many thought it would be too divided to govern effectively when it seized power at the end of June, ending the Liberal Democratic party's humiliating year in opposition.

The government has in its first full 10-week session since taking office passed laws to bring significant changes to the political and electoral system, tax, pensions and farming.

The LDP's skill in cajoling and coercing its socialist partners enabled it to dominate important parliamentary committees, where agreements are prepared in private before public adoption in the chamber. The session's achievements, obscured by the political wranglings of the past few months, include:

- Political reform. Japan's discredited old method of choosing members of parliament, a unique multi-seat constituency system where politicians could win a seat with as little as 10 per cent of the vote, switches on December 25 to a mixture of single-seat and proportional-representation districts. Many MPs are uncomfortably aware that, as a result, they may now be sitting out their final term.

- Farming. Rice imports are to begin in January, breaking a historic taboo on regular (rather than emergency) sales of foreign rice. This is to happen in small stages, starting with 4 per cent of the market. It shows how the balance of power has shifted from once

influential farming communities to cities, where consumers rather than producers are king. To get agreement on this, the LDP had to resort to traditional methods - a ¥6,010m (\$38bn) pay-off, officially to help farmers adjust to cheap international competition, also agreed during the last session.

But first, it needed the support of the Social Democratic party. The price of that was another pay-off, to be enacted today, of ¥100,000 per family to those still suffering from the effects of the 1945 atomic bombings. Nuclear victims constitute one of the few traditional left-wing causes that the socialists still uphold.

- Tax. An income tax cut, needed to stimulate demand as the economy enters a painfully slow recovery, is to be followed by an equally important rise in consumption tax, from 3 per cent to 5 per cent in 1997, needed to compensate for an expected decline in the income tax base. A botched attempt to achieve this contributed to the collapse of one Japanese government over the past year.

- Pensions. An increase in the pensionable age, from 60 to 65, plus a rise in national pension scheme premiums, against opposition from a weakened union movement. This is needed to reduce demands on Japan's rising budget deficit from the growing number of elderly. More than one in four Japanese will be over 65 by the year 2020, up from around 13 per cent now.

Yet the performance has won little thanks from voters. The sales tax increase is understandably unpopular.

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Japanese closure in Sri Lanka

By Mervyn de Silva in Colombo

Noritake, the Japanese ceramic group, has closed its Sri Lanka factory, one of the oldest foreign joint ventures on the island, amid a spate of industrial unrest which is threatening economic problems for the new government of President Chandrika Kumaratunga.

The move by Noritake, which makes tableware in Sri Lanka and had been expanding its plant, follows an eight-hour strike by factory workers on Monday, during which three company executives, including one Japanese, were held hostage. They were eventually rescued by police. The company was quoted as saying that the plant would not reopen unless all labour issues were resolved.

Korean-Ceylon Footwear, another foreign joint venture, has meanwhile seen its shares

slide on the local stock market, after a wildcat strike by workers who demanded a 30 per cent pay rise and a large Christmas bonus. At a graphite mine, workers held a senior executive captive at the bottom of a graphite pit.

An attempt last month by a cabinet minister to organise a trade union at Ansell, the Australian rubber products company, was halted by Mrs Kumaratunga after the Australian High Commissioner had intervened.

Ansell operates in a free trade zone, where unions are prohibited.

According to a leading trade chamber, more than 100 labour disputes are taking place this week. Most are connected with bonus demands, but unions have gained confidence from the inclusion of left-inclined parties in the nine-party People's Alliance coalition formed during the summer.

A wounded country, sick of war, waits in hope for the fruits of UN-run elections, writes Leslie Crawford

Mozambique queues for a better life

In the port of Beira, the war refugees who squat in the cages of an old zoo are hoping life will get better after Mozambique's first democratic elections, which were held last month.

It could hardly get worse. They have no jobs and little food, their children do not go to school and, until recently, their lives were at risk from two of the zoo's older tenants: crocodiles which had also survived Mozambique's 17-year civil war.

Beira voted solidly for Mr Afonso Dhlakama, the guerrilla leader-turned-politician, as did five of the six most economically important provinces of Mozambique. But Mr Dhlakama's Mozambican National Resistance (Renamo) party did poorly in the capital Maputo and in the populous southern provinces, which returned the Mozambican Liberation Front (Frelimo) government to power.

The people of Beira have accepted the election results with equanimity. Local Renamo leaders appealed for calm, and their calls were heeded. In the Beira office of the Geneva-based

International Organisation for Migration, former Renamo and Frelimo soldiers queue together waiting for their monthly demobilisation pay cheques and news of vocational training courses which might help them start a new life.

"The first men we demobilised were not soldiers, they were slaves," says Mr Martin Wyss, who co-ordinates the IOM's work in Beira. He was surprised at the lack of animosity between former combatants, and the absence of political debate during the election campaign. "They were sick of war. Most have returned to their villages."

At the Renamo headquarters in Beira, a filthy, dilapidated office block, the local party representative admits he is relieved Renamo did not win. "The government's coffers are empty and we would be castigated for not being able to rebuild the country," Mr Manuel Ferreira says. "In another five years, we will be strong and have a better chance of winning the next elections."

For the moment, all eyes are turned

to Maputo, where the real political bargaining has begun. President Joaquim Chissano yesterday opened the country's first multi-party parliament, declaring "Mutual respect is the first stage of tolerance, without which pluralism is impossible."

Both he and Mr Dhlakama have had much to digest since the election results were announced nearly three weeks ago. The Frelimo government, in power since independence in 1975, was shocked to discover the extent of Renamo's support. The former guerrillas won 112 of the 250 seats in the new parliament, while Mr Dhlakama polled 33 per cent of the votes cast in the presidential election, against 33 per cent for Mr Chissano. Mr Dhlakama is no longer to be dismissed.

At the same time, Mr Dhlakama knows that his performance at the polls was really a protest vote against Frelimo's autocratic 19-year rule. The country's ethnic and religious chiefs, and the Makus of northern Mozambique, the country's ethnic majority, have little in common but their hatred for a gov-

ernment run by southerners.

Having spent the \$17m (£10.3m) donated by the United Nations to fight the elections, Mr Dhlakama has few resources with which to forge a political party out of such a disparate group of constituents.

Western donors have warned Mr Chissano that the survival of Mozambique's new democracy rests on his willingness to earmark state funds to finance all political parties represented in parliament - including the rebels he fought for 17 years.

They have also made the renewal of aid - which finances 55 per cent of the state budget - conditional on Mr Chissano's commitment to fashioning a new government which will encompass the country's ethnic and regional diversity and prize competence above party loyalty.

"Mozambicans have shown Frelimo the yellow card," says Mr Richard Edis, the British ambassador in Maputo. "The question is, will Frelimo take note and stop fouling, or will it get sent off before the next elections?" Mr Edis believes the donor

community is willing to reward Mozambique's orderly transition to democracy - if Mr Chissano displays the necessary pragmatism.

There are few illusions regarding the fragility of Mozambique's new democracy or the difficult tasks that lie ahead. More than 3m people, displaced by the war, must be resettled. Some 75,000 soldiers must be reintegrated into civilian life and found jobs before their demobilisation pay runs out in 18 months.

The country is still awash with weapons - the UN is leaving next month without completing the search for hidden arms caches - and there are fears that this may lead to increasing crime. Economic reconstruction will be slow.

"For the past two years we have lived on hope," says Mr José Luis Cabaco, a long-standing Frelimo member. "Now that the elections are over, people expect democracy to bring prosperity, just as they believed Marxism would bring development after independence. It may be just another unrealistic dream."

INTERNATIONAL NEWS DIGEST

Thai coalition faces crisis

Thailand's coalition government has been thrown into crisis after the New Aspiration party of Mr Chavalit Yongchaiyudh, interior minister, voted with the opposition to defeat a government bill to democratise village government.

Mr Chuan Leekpai, prime minister, was quoted last night as saying he wanted the NAP to leave the government, although this was likely to deprive him of his majority. Mr Chavalit, who is to decide today what to do, had stuck to promises he made to village headmen that he would try to block government moves to open their posts to election.

Yesterday he said: "This idea that all coalition allies must always vote together is something dreamed up by the government. We have to vote for what we think is right."

Parliament may not be dissolved as a result, however. Prof Suchit Bumbongkorn of Chulalongkorn University said: "I don't think any of the parties really wants an election - elections are very expensive and even the opposition can't be certain they'll gain seats." Mr Chuan could try to entice one of the opposition parties over to replace the NAP's 51 seats. But he would find it uncomfortable to work with many old-style money politicians in the opposition. William Barnes, Bangkok

Gaza elections still undecided

High-level talks in Gaza and Tel Aviv yesterday cleared the air between Israeli and Palestinian negotiators but did not yet open the door to elections in Gaza and the West Bank. An Israeli official reaffirmed after a special cabinet session that Israel would continue to implement the declaration of principles of September 1993 which mapped out self-determination for the Palestinians. Any modifications would be made through negotiations.

Mr Yasser Arafat, chairman of the Palestine Liberation Organisation, acknowledged "the necessity of the Israelis for security." He was speaking after a meeting with Mr Shimon Peres, Israeli foreign minister. Mr Arafat, Mr Peres and Mr Yitzhak Rabin, the Israeli prime minister, are expected to consult during the Nobel Peace Prize ceremony this weekend. Eric Siler, Jerusalem

Individual contracts blocked

Australia's Industrial Relations Commission, the main labour market arbitration body, yesterday blocked attempts by CRA, the Australian resources group, to move workers at Bell Bay aluminium smelter in Tasmania on to individual staff contracts. CRA, which is 49 per cent owned by Britain's RTZ, has been at the forefront of companies attempting to introduce individual staff contracts at various sites, but its labour market policies have been strongly attacked by Australian unions. Nikki Tait, Sydney

Cigarette maker claims win

Philip Morris, the US-based cigarette, food and brewing group, yesterday claimed a partial victory in its battle with the Australian government over the nation's anti-smoking laws, after the government filed amendments to the 1992 act in parliament.

Morris had argued that restrictions imposed by the 1992 law, which in effect banned cigarette advertising, were so draconian that the company was denied the right to take part in debate on political, public and social issues, and "normal" commercial freedom of speech. Nikki Tait, Sydney

S Korean carworkers strike

Workers from four South Korean motor vehicle companies yesterday staged strikes to protest at the government's decision to allow Samsung to produce passenger cars. The stoppage reflects worries that Samsung's entry into the car industry will result in production overcapacity that could threaten the future of one or more current manufacturers.

The strikes involved Kia Motors, its truck subsidiary Asia Motors, Daewoo Motor and Seangyong Motor, all of which are considered vulnerable to a challenge by Samsung. A refusal to strike by workers at Hyundai, the country's largest carmaker, weakened the industrial action. John Burton, Seoul

Cabinet reshuffle in Tanzania

Tanzania's President Ali Hassan Mwinyi has reshuffled his cabinet after mounting pressure from western donors, angry about corruption. He has sacked Mr Kighoma Malima, his finance minister and replaced him with 42-year-old Mr Jakaya Mrisho Kikwete, a staunch insider of the ruling Revolutionary party. He has fired prime minister John Malecela, a strong reformist, in favour of Mr Cleopa Msuya, who is tipped to become presidential candidate in multi-party elections due next year. Reuter, Dar es Salaam

■ Mr Paul Isenman, senior World Bank director for South Asia, said he had advised both the Pakistani government and opposition to tone down their growing political confrontation for their country's economic benefit. Reuter, Islamabad

■ The Philippines may abandon an economic programme drawn up with the International Monetary Fund if tight monetary targets are not relaxed, according to Mr Clelio Habito, economic planning secretary. An IMF mission is in Manila to review compliance with the targets agreed as part of a \$984m, three-year programme. Reuter, Manila

■ Indian advertising agencies boosted billings 37.4 per cent in 1993-94, according to an annual survey conducted by AdM, the country's leading marketing and advertising magazine. Shriraj Siddha, New Delhi

■ The New Zealand government yesterday offered the Maori people NZ\$1bn (\$406m) permanent settlement of all land claims dating back to 1840, but Maori leaders said it was not enough. Terry Hall, Wellington

Chiapas governor takes office

By Ted Barbock
in Tuxtla Gutiérrez

Mr Eduardo Robledo was sworn in as the new governor of the troubled southern Mexican state of Chiapas yesterday, despite threats by armed rebels there to renew their attacks.

In a ceremony protected by more than a thousand soldiers and plain-clothes police, and attended by the new Mexican president, Mr Ernesto Zedillo, the governor offered to resign, "if that meant the Zapatistas putting down their arms".

A tense truce between the government and the Zapatista rebels has held in Chiapas since January 12 after several days of fighting had killed more than 150 people. The rebels launched their rebellion on January 1, demanding more scope for indigenous peoples in the state and greater democracy. They claim Mr Robledo, of the ruling Institutional Revolutionary party (PRI), won August's gubernatorial election by fraud.

Despite Mr Robledo's offer, the Zapatistas show no sign of giving up their struggle. The masked rebel leader known as Sub-commander Marcos said



Street protest: Opposition supporters camp in the main square of Tuxtla Gutiérrez, capital of Chiapas state, ahead of Mr Amado Avendaño's parallel inauguration as "governor"

late on Tuesday his forces "recognised Robledo's swearing-in as the formal rupturing of the ceasefire by the federal government".

In a speech immediately following Mr Robledo's inauguration, Mr Zedillo said the government's unilateral ceasefire would remain intact. The president also called for renewed negotiations between the federal government and the Zapatistas. This call was rejected by the rebels, who say Mr Rob-

ledo's resignation is a precondition of negotiations.

The governor's offer to resign is not seen as a real option for the PRI because, if he were to quit, that would be taken as a precedent for other elected PRI officials in Mexico, many of whom are also accused of fraud at the polls.

Soon after Mr Robledo was sworn in, Mr Amado Avendaño, who ran for the opposition Democratic Revolutionary party, also took an oath of office before thousands of peasant supporters in the central square of the state capital, Tuxtla Gutiérrez.

Mr Avendaño, who has the backing of the Zapatistas and claims electoral fraud cheated him of office, said he would set up a parallel government in the nearby city of San Cristóbal de las Casas. His supporters say they will pay no taxes to the Robledo government and will continue their civil disobedience.

Officials say they will tacitly recognise Mr Avendaño's role in the hope of maintaining peace in the state and reopening negotiations with the Zapatistas.

Dominant Republicans cloud Clinton successes

By Nancy Dunne
in Washington

President Bill Clinton yesterday signed the implementing legislation of the Uruguay Round - completing the second of three foreign and trade policy successes which were supposed to end his year on a high note.

However, the Republicans, still buoyant over their takeover of Congress, have been capturing the daily headlines with their proposals. The effect has been to marginalise Mr Clinton in both domestic and foreign policy arenas.

A new poll attests to Republican successes. The survey found 41 per cent of voters approved of Mr Clinton's presidency, while 47 per cent disapproved. Two-thirds of Democratic voters wanted to see the

president challenged in his re-election campaign.

This was not how administration planners saw the end of 1994. Mr Clinton was to set a date for regional free trade at the Asia-Pacific economic summit, win approval for GATT, and complete an historic summit of democratically elected Latin American leaders with a strategy for hemispheric free trade.

But domestic concerns have overshadowed the events. At an emotional ceremony in the ornate hall of the Organisation of American States in Washington yesterday, Mr Clinton tried to address the anxious US middle class. "It is true that one of the reasons for stagnant wages is intense competition in our markets... by people who work for wages our people can't live on," he said. However, stability, could not be

restored without growing exports.

"We must go into the 21st century convinced that the only way to preserve the American dream is to be involved with the rest of the world."

The GATT ceremony was not televised and few Americans will know it took place. Instead, they were hearing from Mr Newt Gingrich, the House speaker-in-waiting.

On Wednesday he slashed funding for congressional caucuses - which brought charges of "ethnic cleansing" from the black caucus. Yesterday he proposed eliminating federal funding for the Corporation for Public Broadcasting, which provides a counterbalance to the religious right and conservative talk show hosts who hold sway over the radio airwaves.

Art meets gambling - jackpots all round

Bernard Simon on a Canadian success story

Many eyebrows were raised last year when the province of Ontario picked an art gallery in Windsor - a drab, motor industry city just across the US border from Detroit - as the site of the first casino in Canada's industrial heartland.

Art patrons were aghast that the gallery, a beacon of culture in a city dominated by car plants, had agreed to move to the windowless bowels of a suburban shopping mall. In contrast to the handsome riverfront property which it occupied for 20 years, the gallery now abuts a bargain department store.

For their part, the casino's operators were not sure whether the gallery's red-brick building, which started life as a brewery, suited their purposes. About C\$25m (US\$18.2m) was spent to convert the building into a casino, for among other things, installing a large staircase and a spacious foyer.

The partnership between gambling and culture is turning out to be a huge - and highly profitable - success for both the casino and the art gallery.

The casino, owned by the province but managed by a consortium of US casino operators, opened last May. With revenues reaching C\$48m in October and expected to total C\$50m-C\$450m for the first full year of operation, it claims to be the most profitable casino per square foot in the world.

"Some casinos would be pleased to have some of our worst days as some of their best days," says Mr John O'Brien, president of Windsor Casino, the operating company owned by Hilton Hotels, Caesar's Palace and Circus Circus.

Meanwhile, the move to the Devonshire Mall has invigorated the art gallery. "We're a business," says Ms Nataley Nagy, the gallery's lively director. "The time has come for museums to show a little muscle, and this was an opportunity for us to do that."

According to Ms Nagy, "The product remains the same, but

we're looking at different ways to deliver it." For instance, the gallery is putting bigger labels on its displays to appeal to a less high-brow mix of visitors.

Attendance has shot up by a third since the gallery opened in its new premises a year ago. Gifts of paintings and sculptures are at record levels.

The richest irony is that the gallery may have a more secure future than the casino. Although the Windsor casino is the first in Ontario, it is just

year. "Every gaming interest has a lobbyist in town," says an official in the governor's office.

Similarly, Ontario - whose social democratic government came to office four years ago promising to maintain a ban on gambling - agreed this week to allow an Indian community north of Toronto to build the province's second casino and is considering bids for casinos in several other cities.

Revenue Properties, a Canadian developer, announced last week that it was setting up a division to invest in the gambling business.

"The market is large enough to support several casinos in the area," Mr O'Brien says. The one challenge is that "we may have to work a bit harder and spend a few more dollars from a marketing standpoint."

Mr O'Brien hopes that Windsor's reputation as a safer city than Detroit and US visitors' ability to stretch their dollars by gambling in Canadian currency will keep the crowds coming. On the other hand, some gamblers grouse about Canada's strict drinking laws, which bar casinos from serving free drinks at the slot machines and baccarat tables.

However, the Windsor partners are confident enough about the future to plan to begin construction next spring on a permanent C\$375m casino six blocks east of the art gallery.

The art gallery will probably return to the riverfront property once the casino moves into its own home. It will return in much better shape than it left. The province will pay to convert the building back into an art gallery. Rent paid by the casino during its three-year lease is expected to provide a C\$4m nest egg.

The gallery's president, Mr Ron Lanni, wrote to donors recently that the dalliance with the casino was a unique opportunity for us to build an endowment fund which... we never could have managed, even in 50 years of fund-raising.

one of dozens that have sprouted across North America in the past two to three years. Deficit-strapped regional governments and impoverished Indian communities have discovered gambling as a rich source of tax revenues.

Ontario and the US states close to Windsor have so far been slow to join the stampede. With the closest casino about 400 miles away, Mr O'Brien estimates that about 80 per cent of the money wagered at the Windsor casino's 1,740 slot machines and 68 tables comes from US gamblers.

The neighbouring state of Michigan has so far resisted pressure to reverse its ban on gambling. But the tide may be overwhelming. After turning down four previous proposals to legalise casinos, Detroit residents voted in favour last August.

A month later, the state governor set up a commission to examine the issue further. Its report is expected early next

year.

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AMERICAN NEWS DIGEST

CIA settlement over sex bias

The CIA has agreed to settle charges of sex discrimination by one of the agency's senior female spies in a deal valued at \$410,000 by the spy's attorney. The complaint, filed under seal in federal court in August by "Jane Doe Thompson", a pseudonym for the female CIA employee, portrayed the agency as rife with sexism and drinking and generally hostile to women. Mr James Woolsey, CIA director, said in a statement that he agreed to settle the case but that the organisation "does not concede the allegations of gender discrimination Ms Thompson has made against the agency or its individual officers".

Ms Victoria Toensing, Ms Thompson's attorney and a former Justice Department official, said the lawsuit alleged both sex discrimination and violations of Ms Thompson's constitutional rights. Ms Thompson has been identified by numerous press reports as Ms Janine Brooker, the first female station chief in Latin America and a 21-year veteran of the agency. The reports said her ordeal began when she was sent to clean up the agency's operation in Jamaica. *Reuters, Washington*

Lung cancer claims Madigan

Mr Edward Madigan, former secretary of agriculture and a nine-term US congressman from central Illinois, died on Wednesday, aged 58. He was diagnosed as having lung cancer earlier this year and was admitted to hospital last week. Mr Madigan, a moderate Republican from Lincoln, was elected to the House in 1972 but lost his bid in 1989 to become Republican Whip to Mr Newt Gingrich of Georgia in a battle between the moderate old guard and the Republican party's younger, more confrontational wing.

He was the ranking minority member on the agriculture committee when President George Bush picked him in January 1991 to succeed Mr Clayton Yeutter. As agriculture chief, Mr Madigan sought to make programmes more farmer-friendly, improve nutritional education, and increase research on new uses for farm products. In his last two weeks as agriculture secretary he presented a plan for closing and merging 1,300 field offices. After putting the plan on hold for a time, the Clinton administration this week announced the closing of more than 1,000 offices in the fourth-largest federal agency. *AP, Springfield, Illinois*

Bossa nova's founder dies

Antônio Carlos Jobim, the founding father of Brazil's bossa nova music who composed *The Girl From Ipanema*, died of heart failure yesterday in a New York hospital. He was 67. Jobim, Brazil's most prominent songwriter and composer, burst on to the international music scene with the bossa nova sound in the early 1960s. *The Girl From Ipanema* earned him and the late US jazz saxophonist Stan Getz four Grammy awards.

Bossa nova's distinctive rhythms and catchy melodies became a musical craze around the world and influenced jazz and popular music for years. Apart from Getz, Jobim recorded with such stars as Frank Sinatra and British singer Sting. *Reuters, New York*

Falkland fishing rights talks stall

By David Pilling
in Buenos Aires

Talks between Britain and Argentina over fishing rights around the disputed Falkland Islands have temporarily broken down after the two sides failed to agree on catch quotas.

Although a joint official statement maintained that talks held in Buenos Aires had been "cordial", the two sides remain far apart. Argentina, which still claims sovereignty over the South Atlantic islands despite its defeat by Britain in the 1982 Falklands conflict, has previously co-operated over the setting of fishing limits.

Mr Fernando Petrella, Argentina's deputy foreign minister, yesterday denied reports that Buenos Aires had unilaterally declared a quota of 220,000 tonnes, but confirmed it "believes there is no problem

aiming for the maximum catch possible".

He said scientific reports indicated that levels of fish around the islands were such that there was no need to repeat last year's bilateral agreement, in which the Argentines and Falkland Islanders agreed to limit their catch as "the resource was becoming scanty".

The British government is likely to consider provocative a statement by Mr Guido di Tella, foreign minister, late on Wednesday night. He said: "Last year we did not catch [our full quota of] 220,000 tonnes, but this year we will do so because our scientific information indicates that this will not affect the biomass."

Both governments are insisting talks will be reconvened before the fishing season begins early next year.

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Unprecedented Australian re-development opportunity

Walsh Bay represents an unprecedented re-development opportunity. It is one of the largest waterfront land holdings to be offered for re-development and lease in Sydney and possibly within the Pacific Region. The site has significant heritage value and is the subject of a Permanent Conservation Order.

Sydney is the host city for the Year 2000 Olympics and the re-development of Walsh Bay will attract those with sufficient vision and resources to maximise its potential.

The site contains a large number of heritage buildings and structures. It adjoins the Sydney CBD and is bounded by Circular Quay, The Rocks and Darling Harbour, occupying a pivotal position within the foreshore of Sydney.

The site incorporates approximately 8 ha. of leasehold land and buildings. An opportunity exists to negotiate a licence of adjacent water areas.

The site is zoned to permit a wide range of uses, with consent. This offering provides opportunities for a developer to create a landmark waterfront development within an historical and significant urban environment. There will be two stages. The first stage will be

to evaluate all submissions received pursuant to this Expressions of Interest and if it can be demonstrated there is net benefit to the Government in proceeding with private sector investment proposals, then a short list will be selected. At the next stage, those short listed will be invited to submit detailed tenders for evaluation with a view to selecting one preferred tenderer to enter into a building contract with Government.

Expressions of Interest are sought from interested parties and should be submitted to the NSW Property Services Group by 2 March 1995.

Copies of the Expressions of Interest document are available at a cost of AU\$50 from: Sue Pictor, 9 Queen Victoria Street, London EC4N 4YY, England. Tel: 44 71 457 3950 Fax: 44 71 457 3850

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VIE Vienna International Airport

Welcome To **AUSTRIAN AIRLINES**

All-Americas free trade zone 'by 2005'

By George Graham and Stephen Fidler in Miami

Leaders of 34 countries in the western hemisphere are expected to agree on plans to set up an Americas Free Trade Area by 2005 when they meet in Miami over the next three days in the first Americas summit since 1987.

Just a week ago it seemed likely that no date would be set for completing the free trade negotiations, but negotiators now express confidence that a firm date will be included in the final summit declaration to be issued on Sunday.

"We're making progress towards that and we hope to achieve that by the time we get to Miami," said Mr Mickey Kantor, the US trade representative, who also promised immediate, concrete steps towards economic integration in the region.

While some countries were reluctant to pin down a year, others, led by Argentina, argued that it would be a severe setback if the Americas summit were unable to agree on a date, when leaders of the Asia Pacific Economic Co-operation forum last month had accepted a target date of 2020 for establishing a free trade zone in the Pacific.

Argentina wanted the Americas Free Trade Area to be established even sooner, and the summit declaration is expected to acknowledge this by calling for "progress towards attainment of these objectives by the end of this century."

The declaration of an Americas Free Trade Area is expected to be accompanied by the announcement that Chile will be invited to begin negotiations early next year on joining the US, Canada and Mexico in the North American Free Trade Area.

US administration officials, fresh from their victory in winning approval by Congress of the General Agreement on Tariffs and Trade, are keen to take another step forward towards trade liberalisation.

"I think we have to take a lead. If we don't work with our hemispheric partners in building this relationship on trade with the Americas, then we're going to find that the Japanese and the Europeans are going to work to be their partners," said Mr Lloyd Bentsen, the US treasury secretary.

The Miami summit is the first western hemisphere summit to be hosted by the US - something that would have been difficult in earlier decades when the US was viewed as a dominating imperial power by many Latin American countries. Unlike previous regional summits in Panama in 1986 and in Uruguay in 1987, this summit will be attended only by popularly elected leaders. The only country in the region not to be invited is Cuba.

Cuba is not specifically mentioned in the draft summit communiqué, but some Latin American countries are keen to air their differences with the US policy of isolating the government of President Fidel Castro.

US security officials are also worried about the prospect of demonstrations by Miami's 564,000 Cuban exiles, many of whom who are angry about the detention at the US military base of Guantánamo of Cubans who tried to reach Florida by raft this summer.

Some Latin American leaders were upset about Mr Clinton's choice of Miami for the summit, partly because it was seen as an obviously antagonistic gesture towards Mr Castro.



Gatt chief Peter Sutherland opens the WTO implementation conference in Geneva yesterday. With him is an assistant, Arif Hussain

Inauspicious start for new, more powerful, international trade body

Disputes mar launch of WTO

By Frances Williams in Geneva

Trade envoys from more than 120 nations yesterday gave their formal blessing to the creation of the World Trade Organisation on January 1, following ratification of the Uruguay Round trade agreements by 50 countries. Mr Peter Sutherland, director-general of the General Agreement on Tariffs and Trade, said at least 100 nations were expected to be members of the WTO on its starting date.

But the launch celebrations for the new world trade body, which will have much wider powers than Gatt to police fair trade rules and settle disputes, were muted by continued uncertainty over choosing the head of the WTO and over whether China will succeed in

its attempt to become a founder member.

Trade diplomats said yesterday that the continued stalemate in the three-way contest for the WTO top job made a decision before the end of the year improbable. It now looks virtually certain that Mr Sutherland will be asked to stay on in a caretaker role until his successor is chosen.

Mr Renato Ruggiero of Italy, the European Union candidate, is said to be well ahead of the field, with over half Gatt's 124 members in his favour. But he is far from mobilising the necessary consensus.

Mr Carlos Salinas de Gortari, who is supported by the US and Latin America, has only just begun his campaign after leaving office as Mexican president at the beginning of this

month. Mr Kim Chul-su of South Korea, with Japan and most of Asia behind him, is also proving a more formidable candidate than expected.

Meanwhile, intensive negotiations this month in Geneva on China's bid to join Gatt and the WTO have made little headway. "The Chinese are still playing hardball," Mr Andrew Stoler, deputy US Gatt ambassador, said yesterday, commenting on four days of bilateral talks between China and the US.

Mr Hugo Paemen, the EU's top trade negotiator, said China's membership negotiations "are not in good shape at the moment".

Beijing, which wants WTO founder-member status, is insisting that substantive talks must be completed before the

end of the year, after which it will make no more trade concessions.

However, the US and other western nations argue that China still appears unprepared to accept fully the fair trading rules that are a condition for Gatt and WTO membership, and has failed to offer sufficient access to its domestic market for foreign goods and services.

Apart from the January 1 starting date, the WTO implementation conference yesterday agreed that countries would continue to apply Gatt rules to non-WTO members for a further year. Because of the lengthy fact-finding procedures involved, complaints can be brought under Gatt's anti-dumping and anti-subsidies codes for another two years.

WORLD TRADE NEWS DIGEST

Microsoft opens Chinese Window

US software giant Microsoft signed an agreement yesterday with China to create a new standard for Chinese personal computer operating systems. Microsoft signed a memorandum of understanding with the Ministry of Electronics Industry to create the standard by developing and delivering a Chinese version of Microsoft's operating system, Windows 95, in partnership with Chinese companies.

The new operating system will accelerate the growth of personal computing in China by making PCs easier to use and by providing a new generation of Chinese software applications. Mr Charles Stevens, vice president for the Far East region of Microsoft, said. The Chinese version of Windows 95 - the next generation of its flagship Windows due for release next year - will be fully compatible with Microsoft's worldwide Windows product engineering and design. Beijing regulators had refused to accept the Chinese version of Windows as a standard for China after Microsoft alienated electronics ministry officials by developing the mainland version, nicknamed P-Win, not in China but in Taiwan, which uses a different form of Chinese characters and dissimilar methods of keyboard entry. *Reuters, Beijing*

Beijing's five star tastes

China has become one of the world's greatest consumers of expensive French cognac, luxury liquor company Rémy Cointreau said yesterday. Managing director Patrick Bompont, whose company produces champagne and specialty liquors, said Rémy Cointreau was selling more than 100,000 bottles of liquor to China each year. Speaking at an informal meeting of bank, stock market and business officials hosted by Paribas Luxembourg, Mr Bompont said Russia ranked second, after China, in sales for his company. In 1988, the US held top position for expensive liquor sales, and China and Russia did not even appear in the top eight. The Pacific area, including Japan, Hong Kong and Australia, accounts for 34 per cent of Rémy Cointreau's worldwide sales. *Reuters, Luxembourg*

Growth in world trade doubles

The growth rate of world trade in goods is expected to double this year to around 7 per cent from 3.5 per cent in 1993, according to Gatt economists. The increase reflects economic recovery around the world, especially in the European Union and Japan. Giving these preliminary estimates, Mr András Szepes, chairman of Gatt's contracting parties (members), told the Gatt annual meeting that significant cuts in trade barriers negotiated in the Uruguay Round would give the international trading environment a new dynamism and vitality. However, in a reflection of widespread concern among Gatt members, he said more attention should be paid to scrutiny of regional trading arrangements and called for a review of the Gatt working party system which will be carried over into the World Trade Organisation. More than 50 working parties have failed to agree on whether individual free trade pacts are consistent with Gatt. *Frances Williams, Geneva*

British boost for Argentina

Argentina's campaign to re-establish itself as a trustworthy trading partner was boosted yesterday with the underwriting of a \$8.5m buyer credit by Britain's Export Credit Guarantee Department, the biggest such deal since ECGD cover was restored in June 1993. The approval by the ECGD, which suspended cover after the Falklands conflict in 1982, will be seen by Argentina as a significant step towards repairing its damaged international image. In spite of the ending of hyperinflation and the unleashing of very fast growth rates, Argentina has not yet entirely overcome its past reputation, tarnished by military governments and virtual economic collapse.

The ECGD decision follows the successful bid by Babcock International of the UK to supply computer-controlled inspection equipment to the Atomic Central nuclear power station being built 70 miles north-west of Buenos Aires. Although ECGD premiums to Argentina were reduced by Britain last December, UK businessmen in Buenos Aires complain that the country-risk premium is still too high, given Argentina's recent solid economic performance. Mr Nicolas Gross-Hodge, president of the Argentine-British Chamber of Commerce, believes British companies may have lost millions of pounds worth of business because high ECGD premiums have rendered bids uncompetitive. *David Pilling, Buenos Aires*

Daimler plans Egypt venture

Daimler Benz, Germany's biggest industrial group, is planning a joint venture truck manufacturing plant in Egypt to assemble Mercedes Benz trucks and buses from next August. The deal was unveiled at the Europartenariat-Middle East meeting this week in Cairo by Mr Edward Reuter, chairman of Daimler Benz. The German company, in partnership with Chabbour Group, the Egyptian motor group, will produce 7,000 trucks and 800 buses a year from a purpose-built plant at New Salhaya outside Cairo. Assembly will begin with 20 per cent locally-made components, rising to 40 per cent after four years, Mr Reuter said. Mr Reuter said he was confident that manufacture of Mercedes Benz cars in Egypt would follow soon. The truck and bus enterprise will create 1,000 jobs. *Mark Nicholson, Cairo*

UK wins Moscow phones deal

GPT, the UK-based telecommunications equipment maker, has been awarded a \$50m contract to modernise Moscow's telephone network. It is the largest individual overseas order for System X, the GPT-designed exchange which is at the heart of British Telecommunications' UK network, according to Mr Piers Cumberland, GPT sales director with responsibility for the former Soviet Union. He said GPT would install System X exchanges and up to 170,000 digital subscriber lines over two years starting immediately.

The company, owned by GEC of the UK and Siemens of Germany, would also supply and install fibre optic equipment, smart card payphones and videoconferencing equipment. GPT's contract is with Comstar, a private Moscow company formed in 1989 by GPT and the Moscow Telephone Network which already offers customers in Moscow international, national and local telephone services. Mr Cumberland said contract negotiations had been lengthy; the company had held back from announcing the deal until financing was in place. Loan finance, denominated in dollars, will come from Midland Bank backed by the UK Export Credit Guarantee Department. The Russian state had agreed an inter-government credit to repay the loan in hard currency, the first time such a mechanism had been used in Russia with a private company as beneficiary. *Alan Cane, London*

Rivalries stymie African body

The future of the Common Market for Eastern and Southern Africa, a grouping of 32 states committed to lowering regional trade barriers, has been thrown into jeopardy by the reluctance of countries of the Southern African Development Community, most of them also part of Comesa, to give primary allegiance to Comesa. Comesa, which aims to create a common market throughout the region, was due to be officially launched in Lilongwe, Malawi, yesterday, but proceedings were delayed by calls from southern African countries for the body to be split into northern and southern sub-regions.

Many members of SADC, which comprises South Africa, Tanzania, Malawi, Zambia, Angola, Namibia, Botswana, Swaziland, Lesotho, Zimbabwe and Mozambique, would prefer to focus on removing economic barriers in the smaller body first rather than trying to pursue the more impracticable goals promoted by Comesa. A joint SADC/Comesa summit to discuss the issue is likely to be called soon, but analysts see little likelihood of Comesa getting off the ground in the near future. "Liberalising trade within SADC is not particularly feasible in the short term, let alone co-ordinating trade policy in 22 countries," notes one regional analyst. *Mark Sussman, Johannesburg, and Reuter*

EU turns Mideast commercial matchmaker

Mark Nicholson watched a 'dating agency' for Arab and Israeli businesses in action in Cairo

Almost 1,000 small and medium-sized European and Middle Eastern companies yesterday wound up a three-day commercial matchmaking forum sponsored by the European Union to promote European-Middle Eastern business ties, and cross-border alliances within the region itself.

It was the first time Israeli and Arab businesses had met openly to discuss business deals on such a scale, and it was hailed by organisers and participants alike yesterday as a success.

"The important thing was how completely normal it was to see Israeli and Arab businessmen dealing with each other," said Ms Anahid Harrison, the project's co-ordinator. "There was no sense of strangeness."

The companies, embracing construction, tourism, electrical, electronic, textiles, engineering and other industries, were brought together for 10,500 face-to-face meetings after being matched by the computerised equivalent of a corporate dating agency.

The event was the first of a seven-year-old EU programme, known as Europartenariat, to be held outside Europe. It was designed, according to Mr Rainero Vanni D'Archirafi, EU commissioner for internal markets, to translate Israel's peace accords with Jordan and the Palestinians into "practical programmes for economic development". EU officials said they hoped to repeat the event every two years.

Extrapolating from the results of previous Europarten-

ariat events, organisers say up to 40 per cent of the thousands of direct meetings result in long-term business alliances or joint ventures. In an informal poll, participants said they believed well over half their meetings would result in

"I was expecting a wall as high as the ceiling," said one Jordanian hotelier after meeting Jewish travel agents. "I found just a little barrier"

future business co-operation.

On that basis, and judging from the enthusiastic reports of many Arab and - particularly - Israeli businesses, the event is likely to have given the most tangible nudge yet to Israeli-Arab commercial

co-operation. "The main interest for Israeli companies has been to meet possible partners in the region - for Israeli business there's no problem for them meeting European partners. We're here to meet the Egyptians and Jordanians,"

more than 540 Israeli, Egyptian, Palestinian and Jordanian businesses participated, alongside more than 400 European companies.

Several Middle Eastern businessmen expressed disappointment at the quality and representation of European companies at the meeting, the bulk of which were from Germany, France, Italy and Belgium. "Most of them are just here to find ways of selling their products," said one Jordanian businessman.

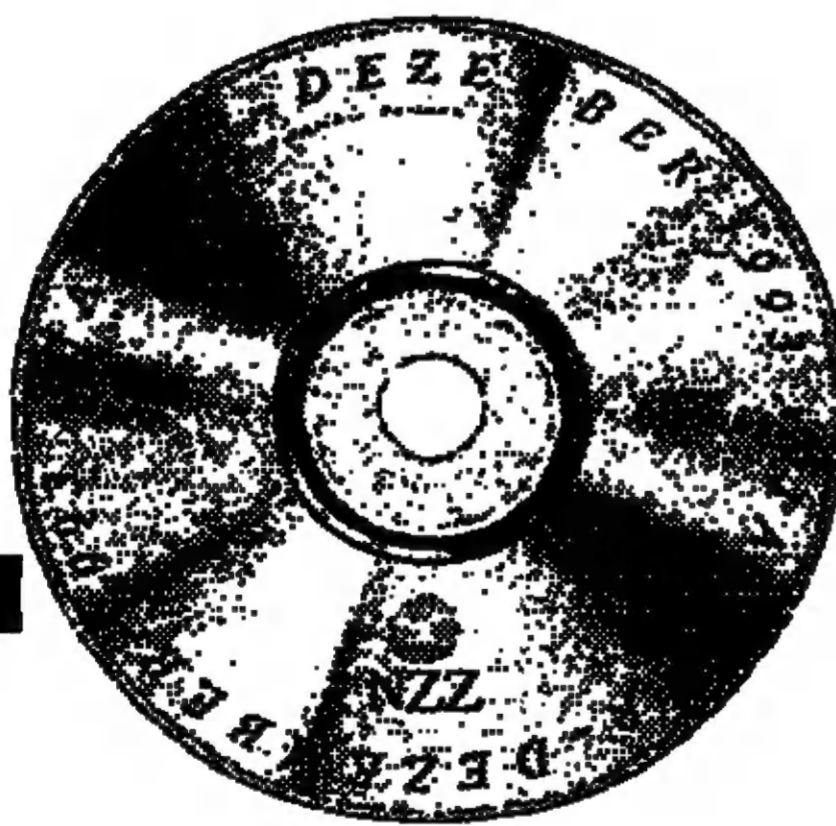
"The most activity was among Middle Eastern companies doing deals with each other," said Mr Wael Amin, manager of PIE, one of Egypt's biggest software companies, who said he expected to enter agreements with Israeli partners to develop and market

Arabic software to the Gulf states. "It's still a bit premature for the Europeans to be treating the Middle East as a unified market."

Many Arab participants expressed surprise at how straightforward and politically uncomplicated it proved to deal with their Israeli counterparts. "I was expecting a wall as high as the ceiling," said one Jordanian hotelier after meetings with Jewish travel agents. "I found just a little barrier."

But there was also evidence that not all political barriers in the region have quite vanished. A 36-strong Israeli dance troupe due to perform at a gala soiree during the event, for instance, unaccountably failed to receive visas from the Egyptian authorities.

THINK GLOBAL!



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سكنا من الاربعين

ABB loses race for contract to replace 100 trains on London Underground

GEC Alsthom wins \$1.3bn rail order

By Charles Batchelor, Transport Correspondent

The Anglo-French company GEC Alsthom has beaten the Swedish-Swiss owned ABB Transportation to win an order worth \$1.3bn (£1.3bn) to provide new trains for London Underground.

The deal, to supply and maintain just over 100 new trains for the Underground's ageing Northern Line, is the first significant contract under the government's private

finance initiative. The decision means work for GEC Alsthom's Metro Cammell factory in Birmingham, but is a bitter blow to ABB, which is a major employer at its Derby rolling stock works now faced redundancy.

"We are extremely disappointed," Mr Bo Södersten, managing director, said yesterday. "A major retraining of the Derby factory (employing 3,500 people) is now inevitable."

In March the company said it

was axing nearly 700 jobs at Derby. This was followed in September with 289 redundancies at its York plant.

The GEC Alsthom deal provides for payment for the trains and their maintenance to be spread over 20 years. This was what ABB had proposed to London Underground in 1993. The Treasury blocked the deal for several months on the grounds that it did not transfer sufficient risk to the private sector. Pressure from Conservative backbenchers, London

businesses and the private finance panel finally persuaded it to give way, but the government insisted in March on opening the contract to competition. ABB was completing the delivery of similar trains for the Underground's Central Line and was thought to be well placed to make a competitive bid.

Mr Kenneth Clarke, the chancellor, reaffirmed in last week's Budget the government's commitment to encouraging the private sector to

finance projects traditionally carried out in the public sector. He expects contracts worth \$2bn to be signed over the next 12 months.

The order puts a value of about \$400m on the new trains with the 20-year maintenance contract worth an additional \$400-\$500m. London Underground will pay GEC Alsthom an annual fee of \$40m-\$45m. The deal breaks new ground by transferring the expense and risk of maintaining the new trains to the manufacturer.

Brewers and distillers attack mini-Budget

By Roderick Orm, Consumer Industries Editor

The chancellor's increases in drink and tobacco duties drew a chorus of criticism from producers who thought they had detected in November's Budget the first signs of government sympathy for their loss of trade to cross-channel shopping.

"We're shocked. We're picking up the tab for the Tories' political ineptitude," said the Wine and Spirits Association. "We're outraged and quite shocked. We really feel he's panicked and made an irrational decision," said the Scotch Whisky Association.

Distillers, brewers and tobacco companies had lobbied with unprecedented force before the main Budget, arguing that the flow of low-duty imports and smuggled goods had reached damaging proportions.

Brewers claim that such imports account for about four per cent of total beer consumption and 15 per cent of the take-home trade. "The UK's third-largest brand of tobacco for hand-rolled cigarettes, Drum, is not officially for sale in the country."

"No chancellor can remain unmoved by the face of this," Mr Kenneth Clarke said in his November Budget speech. However, he said the government could not cut alcohol

Mr Eddie George, governor of the Bank of England (the UK central bank), indicated yesterday that further interest rate rises may be necessary to control inflation, our Economics Editor writes. He also said he hoped rates would plateau "fairly soon".

The governor said it was too early to say whether Wednesday's half percentage point increase in bank base rates to 6.25 per cent was sufficient to curb inflation and whether the interest rate plateau would be established at that level or higher. But because the authorities had acted early, the interest rate peak would be lower than before.

He told MPs on the House of Commons Treasury committee that he had initiated Wednesday's base rate rise. He recommended a rise to Mr Kenneth Clarke, the chancellor, because of above-trend growth in the economy and growing inflationary pressures. "From my point of view, politics were irrelevant," he said.

excise duties without raising other taxes to compensate for the lost revenue. Recognising the inroads made by imports, the November Budget left duty on beer, wine and cider unchanged but cut it on sparkling wine to remove anomalous tax rates between different types of alcoholic drinks. Yesterday Mr Clarke added 1p on a pint of beer and 10p on a bottle of wine, 7p on sparkling and fortified wine and 20p on a bottle of spirits, all effective from January 1.

The government's strategy for reducing the attractiveness of drink imports from France is to negotiate with governments to raise their duties. Beer duties in France, for example, are one-seventh of their level in the UK. "This is a bad decision and bad timing," said Mr Anthony Greener, chairman of Guinness, the largest distiller.



Clarke's calculations were bad news for smokers

Mr Clarke's tobacco measures mean that a pack of cigarettes will typically cost £2.70 in the UK against £1.70 in France, the Tobacco Manufacturers Association said. "The chancellor has handed tobacco smugglers two wage increases in a fortnight," the association added.

The City of London took the chancellor's package in its stride, our Economics Correspondent writes. Analysts said the measures were roughly in line with expectations.

Mr David Owen, UK economist at KPMG Peat Marwick Main, said: "We were concerned that he was going to announce further cuts in the (public spending) control total," which might have been simply due to a reduction in the contingency reserve.

Mr Adam Cole, UK economist at James Capel, said the chancellor "needed to do something which gave a rap on the knuckles to the rebellious backbenchers by imposing small but unpopular tax increases. He can lay the blame for the tax rises fairly and squarely with the rebels."

But Mr Ian Shepherdson, UK economist at HSBC Markets, was disappointed with the package. "The chancellor had a golden opportunity to deal with the Budget deficit," he said, adding that a change in indirect taxes would have saved the full amount needed by the government.

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UK NEWS DIGEST

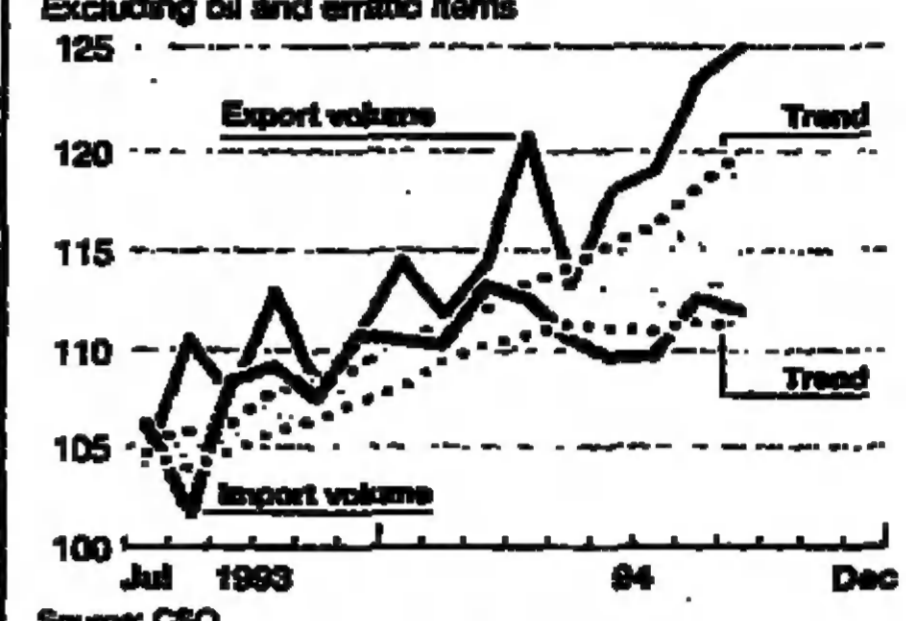
Trade deficit almost at 10-year low

The UK trade deficit fell to its lowest level for almost 10 years in the third quarter of this year. Official figures suggested yesterday that the UK may have recorded a quarterly current account surplus in the third quarter of this year. It would be the first surplus in any quarter for almost eight years.

If the figures are right, they would mark a significant turnaround in the UK's balance of payments position following widespread predictions in the City of London last year that the British recovery would suck in imports and lead to a deterioration in the current account.

Visible trade trends improve

Indices, 1990 = 100



The Central Statistical Office said yesterday that rising exports and flat imports caused the UK visible trade deficit to fall to a seasonally adjusted £1.5bn in the third quarter of this year, down from £2.4bn in the second quarter.

The office is not due to publish official figures on the trade in invisible items, which recorded a £1.7bn surplus in the second quarter of this year, until later this month. But unless the surplus in invisible items fell back significantly in the last quarter, yesterday's figures showed that the recent improvement in the visible trade balance would have pushed the UK into a trade surplus after recording a deficit in the second quarter. Although the UK recorded a current account surplus in the first half of 1994, it has since recorded a deficit.

Scepticism on growth of skills shortages

There is no hard evidence that skills shortages are increasing in the British economy, says the latest Employment Gazette, a government publication. Several recent surveys from industry have cited increasing recruitment difficulties. The latest government skills survey suggests that 21 per cent of employers this spring reported that they had found vacancies hard to fill over the previous 12 months. The comparable figure for 1993 was 15 per cent.

The Gazette says: "The rise in recruitment difficulties can be partly explained by an increase in recruitment activity." It adds that recruitment difficulties have several causes other than a shortage of skills. It cites: "Employers making jobs unattractive (poor pay, poor conditions); job seekers with unrealistically high expectations of terms and conditions; because the nature of the work is unpopular; or because potential recruits have little or no relevant work experience."

Occupational groups which contained large shares of hard-to-fill vacancies included sales and services, catering, nurses, engineers and technologists.

Accountancy partner quits over investigation

A partner with a London-based firm of accountants has left the business following an investigation into apparent financial irregularities.

Mr John Goldring, a partner with Casson Beckman, is well known in the music industry, where many of his clients work.

It is understood that the apparent irregularities involve about £2m (\$3.3m). The executive chairman of Casson Beckman, Mr Geoff Barnes, said: "We are all extremely shocked at the circumstances which have led to the departure of John Goldring."

The firm said: "The London firm of Casson Beckman, chartered accountants, announces that John Goldring, aged 58, of the entertainment and media division, has left the firm with immediate effect. This has resulted from on-going investigations carried out by the executive board and their advisers into certain apparent financial irregularities concerning funds over which John Goldring had control by virtue of personal appointments he held in relation to certain clients."

As soon as Casson Beckman became aware of these matters a special team was set up to investigate the full extent of these apparent irregularities and the few affected clients have been contacted personally."

Mr Goldring's lawyers said that no statement would be made on the matter. Casson Beckman merged this year with Halpern & Woolf to form the 18th-biggest accountancy business in the UK with an estimated fee income of £21m.

Managers blamed for business failures

Management is to blame for half of business failures, says a survey published today by the Society of Practitioners in Insolvency. Three-quarters of businesses are beyond rescue by the time they enter insolvency, it adds.

Mr Ian Bradbury, society president, said the survey showed better management training was vital to avoid corporate failure. "Management failure is rising as both a principal and a contributory cause of company insolvency. Management helps push its own enterprise over the edge in more than half of all cases."

The survey showed that in one case in ten management was principally to blame for the failure through fraud, bad planning, imprudent accounting, or lack of information. Dr Anne Robinson, head of policy at the Institute of Directors, said she was not surprised by the figures. "We have to have better trained managers. It is absolutely essential," she said.

Knife attacker wounds 14 people in store

Fourteen people were injured today when a man wielding two knives lashed out at customers and staff in a department store in the middle of Birmingham, England's second-largest city. The man slashed staff and shoppers at Rackhams store as hundreds of people ran screaming into the street.

Twelve of the injured were suffering from minor injuries, and two people's wounds were described as "more serious" but not life-threatening. The man was eventually cornered in the store by police. He was carrying a 30cm bread knife, and another knife was found in the store later.

Ms Clare Dalloway, who was promoting the National Lottery in the store, said: "It was awful; this man was just wildly slashing at the women's throats with a knife. He just suddenly went crazy and was thrashing about with this big knife."

BT faces walkout today

British Telecommunications faces unofficial walkouts and a demonstration by managerial and professional staff in London today. The staff are to protest about a briefing on their pay prospects for next year. The company told the Society of Telecom Executives it intended to differentiate between skills and jobs principally under external market criteria rather than according to traditional internal relationships. Pay would be linked to performance.

The society said this stance threatened to drive down pay rates and would do nothing to redress the effects of the pay freeze imposed earlier this year. The next pay agreement will start in April, 1995.

Crackdown ahead on cash fraud in Northern Ireland

By Jimmy Burns in London

Government officials have drawn up proposals to combat financial crime in Northern Ireland because of fears that some former paramilitaries may continue racketeering even if a lasting peace is achieved.

Some senior security officials believe a number of former paramilitaries will continue to engage in fraud and extortion, either alone or in organised criminal groups.

They believe that investment generated by the "peace dividend" may present opportunities for financial crime and are insisting that any big investment from the US and the EC must be closely controlled and monitored by civil servants.

They fear that current legislation may not be adequate in the changing political circumstances. Under the UK's Northern Ireland Emergency Powers Act, the security forces act against racketeering and extortion on the basis of evidence that these are contributing to paramilitary organisations.

The Northern Ireland Office's Terrorist Finance Unit, which has co-ordinated a secret war against IRA fund-raising for four years, is considering options based on legislation against organised crime in Italy and the US.

The recent armed raid on a Newry post office, in which Irish Republican Army members acting under orders from their local commander

The UK government is to begin talks with representatives of hardline loyalist organisations in Northern Ireland next Thursday. The announcement by Mr John Major, the prime minister, came on the eve of historic talks in Belfast between a team of officials led by Mr Quentin Thomas, the second most senior official in the British government's Northern Ireland Office, and Sinn Féin, the IRA's political wing.

The government is keeping open the option of upgrading the talks to ministerial level later if good progress is made. It is hoped the dialogue will pave the way for Sinn Féin and loyalist representatives to join talks involving Northern Ireland's main constitutional parties. The talks would be aimed at forging a durable political settlement in the province.

killed one man and stole £150,000, (\$246,000) highlights how closely entangled terrorism and financial crime have become.

It is understood that the IRA leadership has indicated to government officials in the Irish Republic that money from the raid could be returned as a sign that armed robberies have ceased under the ceasefire. But some IRA members who are less supportive of the ceasefire are concerned that the organisation is being financially weakened.

MPs soon to reopen inquiry into future of Post Office

By David Owen at Westminster

A powerful committee of MPs is to reopen its inquiry into the future of the Post Office. Their decision will increase pressure on ministers to find ways of enabling the Post Office to secure its commercial future. Privatisation was abandoned last month because of opposition from Conservative MPs.

The Commons trade and industry committee expects to question Mr Michael Heseltine, trade and industry secretary, early in the new year. With privatisation off the agenda,

many MPs are worried about the Post Office's ability to combat mounting competition unless it is given greater commercial freedom in the public sector.

But in a decision that boded ill for the organisation's prospects of securing this increased freedom, Mr Kenneth Clarke, the chancellor of the Exchequer, last week rejected plans by the Post Office board for a £100m cut in next year's £212m government levy on mail service profits.

Mr Bill Cockburn, Post Office chief executive, said cut in the levy - known as the

external finance limit - was essential to boost capital investment. However, the organisation has been cleared to handle a significantly greater range of transactions than previously permitted through its extensive retail network.

Post Office managers are keen to exploit the new guidelines to push into new areas, particularly in the financial services field.

A deal was announced recently with General Accident, the composite insurer, to sell travel insurance at many Post Office branches.

Names may gain concession on cash won in court

Lloyd's seeks deal on losses

By Ralph Atkins, Insurance Correspondent

Lloyd's of London is to make a fresh attempt at striking an out-of-court deal to end the mass of legal action blighting the insurance market.

A "step-by-step" strategy for breaking the impasse between loss-making members pursuing claims totalling at least £3bn, and professional Lloyd's agencies being sued, was unveiled yesterday by Mr David Rowland, Lloyd's chairman, and Mr Peter Middleton, chief executive.

The process - which at first will not involve negotiations between the parties - is expected to last a few months, with March suggested as a possible

deadline. As an early concession, Mr Middleton and Mr Rowland announced the shelving of plans to force Names, individuals whose assets have traditionally supported the market, to use damages won in court to settle their debts at Lloyd's.

The proposals have themselves become the subject of legal action with groups representing loss-making Names saying the plan sought to make Lloyd's a preferential creditor and amounted to a retrospective change in regulations.

Mr Rowland and Mr Middleton said they wanted to learn the lessons of the last attempt at an out-of-court settlement, worth \$900m, which Names rejected in February. The first

stage this time would be to tackle the dispute between Names and those who provided insurance to the Lloyd's agents being sued, over the funds available for a new settlement.

Solicitors will be asked to verify computer figures showing sums that might be available from "errors and omissions" (E&O) policies, which provided insurance against negligence.

The calculations will depend on the strength of Names' claims, the wording of policies and on assumptions about whether the first cases in the legislative queue should scoop most of the E&O "pot". E&O insurers believe Names have overestimated the sums available.

Generators are warned on plant disposals

Professor Stephen Littlechild, the electricity regulator, yesterday showed impatience with the two main generating companies over plant disposals, Michael Smith writes. He said he was considering changes in regulations to allow regional power companies to buy plant from the two former state utilities, National Power and PowerGen.

Prof Littlechild said neither had submitted proposals which would meet the terms of an undertaking to sell off 5,000MW to 6,000MW of capacity in order to increase competition.

He said he had told the generators that "arrangements which left either company with

The biggest upgrading of Britain's electricity grid network since the 1950s faces further delay with the decision to hold two more public inquiries into sections of the proposed route. The Department of Trade and Industry has announced that inquiries will start in March into two route diversions proposed by the state-owned National Grid Company after previous options were rejected by the government in May. The company says its proposed £200m (£325m) upgrading of transmission lines through 50 miles of northern England is necessary to permit transmission of electricity from gas, hydro and nuclear stations.

Objectors to the proposals, first submitted in 1991 and already the subject of a six-month inquiry in 1992, say that the upgrading is unnecessary and will ruin the countryside with 240 pylons each about 50m high. The company said that in 1993-94 the electricity market had to pay £57m in compensation to northern generators because of transmission constraints, mainly because of transmission bottlenecks in the area in which route diversions are planned.

Some of the regional companies want it eased to allow them to bid for the National Power and PowerGen plant. Eastern Group and Southern Electric are thought to be among them. But the possibility of regional companies buying more electricity from their own subsidiaries raises monopoly questions.

Prof Littlechild has previously published the prospectus for the sale of its remaining 40 per cent stakes in National Power and PowerGen. The potential problems arising from the plant disposal commitments are a concern for investors.

Prof Littlechild has previously

Germans may alter nuclear fuel deal

German electricity companies were yesterday considering formal proposals from BNFL, the UK reprocessing company, which will give them the option of taking back up to 1,400 tonnes of spent fuel they are due to start sending to the UK next year, Michael Smith writes.

Under the terms of a £200m (£1.47bn) contract BNFL is not due to start reprocessing the fuel until 2005. The contract makes no mention of what would happen if the Germans wanted the fuel back unprocessed before then.

Although the German companies intend to go ahead with reprocessing, they are concerned that political pressures will force a rethink. Environmentalists in Germany are concerned about reprocessing in the UK because the terms of the contract require the German companies to take back the plutonium and waste material after reprocessing.

The issue has been under discussion between BNFL and the utilities since October. The Germans have been engaged in similar discussions with Cogema, the French reprocessing company.

BNFL would not disclose the details of its proposals, sent to Germany earlier this week. It is thought, however, that it will agree to send back spent fuel unprocessed if requested, providing the Germans agree a substantial cancellation fee.

Good-bye battery



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TECHNOLOGY

New developments mean speech-recognition systems may soon be a common tool, writes Vanessa Houlder

Say the word

FIRST IT GOT VOICE RECOGNITION, THEN IT GOT ATTITUDE



The easiest languages for a computer to recognise are those providing the most clues. So languages such as German with long words and rigorous grammatical rules are easier to recognise than, for example, English. Within the English language, some vocabularies are easier to recognise than others: the long words and stock phrases used by lawyers, doctors and dentists make them an attractive market for voice recognition tools.

The take-up of voice recognition technology is influenced by a number of factors, not least of which is national culture. North Americans, who tend to be more comfortable than Europeans and Asians about talking to machines, provide overwhelmingly the largest market for voice technology.

Another potential obstacle arises from the feeling of confusion or even panic that often accompanies a user's first encounter with a speech recognition-based telephone service. "There are a lot of unsolved problems," according to BT's Fred Stentford, who carries out research into the design of automatic telephone dialogues. Inexperienced users speak before a prompt has finished, hesitate, or use too many "ums" and "ahs". A long dialogue that relies on simple "yes" or "no" answers may also deter users who find it too tedious.

Users' growing familiarity with speech recognition systems may ease some of these problems. But some researchers believe speech recognition systems will only become really acceptable once there has been a breakthrough in the theory of natural language processing, allowing a machine to cope with the complex structure and grammar of ordinary speech.

Meanwhile, many basic aspects of speech recognition technology are capable of considerable improvement. Researchers are trying to build systems with larger vocabularies that can cope with continuous speech more cheaply. "Speech recognition is a technology that is never finished," says Bernie Woolaston, divisional director of Philips Dictation System. "It can always be faster, with fewer errors."

sound in the language and assigns stress to words. These are then used to synthesise speech, a process that either depends on extremely complex conversion rules or else on concatenation methods, such as stitching together stored samples of speech.

But voice technology companies eyeing a potentially large market are not deterred by the research effort required, according to Frost & Sullivan, a market research company. "Text-to-speech technology will be a key focus of many vendors' research and development efforts," it says.

and revision. Moreover, it appeals to users who are not computer literate or good typists.

The range of applications for voice recognition technology goes well beyond dictation. In the home, voice recognition can turn on the television, dim the lights or open the garage door. Mail order companies use speech recognition for telephone sales.

Speech recognition systems are even being used for language training. French drivers of the Eurostar high-speed trains are using a training program produced by Cap Gemini.

As a result, the capabilities of telephone-based voice recognition systems are typically limited to yes, no and numbers from zero to nine.

By contrast, dictation systems which require large vocabularies, of for example 60,000 words, are trained to recognise a particular

cent a year over the next four years to \$900m by 1998, according to Frost & Sullivan, market researchers.

Different applications of the technology call for different approaches. Telephone-based voice recognition systems use small vocabularies because they need to be able to recognise a wide range of voices. Their scope is also limited by the quality of telephone microphones, the likely presence of background noise, and the narrow bandwidth of telephone lines which render "r" and "s" sounds indistinguishable.

As a result, the capabilities of telephone-based voice recognition systems are typically limited to yes, no and numbers from zero to nine.

By contrast, dictation systems which require large vocabularies, of for example 60,000 words, are trained to recognise a particular

voice. It typically takes a few hours for the machines to become attuned to the voice of the speaker, which involves storing examples of the speaker's phonemes, the smallest acoustical component of a language. The process of speech recognition begins with the microphone, which transforms a user's spoken words into an analogue signal which is then transformed into a digital stream of ones and zeros. Decoding software then searches for patterns that match the stored models of phonemes. This involves complex acoustic and statistical models that calculate the probability that a particular pattern matches a certain sound or word. The system also uses a language model, which contains information about the way sentences are composed and the word order in a sentence.

Talking tough

text-to speech technology. "Today, the quality of synthetic speech from text has improved to such an extent that real world applications are now viable," says a report by BT Laboratories, part of the UK telecommunications company.

Some applications are already being commercialised. Novell, a US software company, is about to launch a system that will read out E-mail messages over the telephone, allowing people to check

their electronic messages when they are away from a terminal. Potential applications are wide-ranging. Telephone-based systems would allow recipients to listen to their fax messages, doctors on call to gain access to their patients' records and information services to provide regularly updated bulletins.

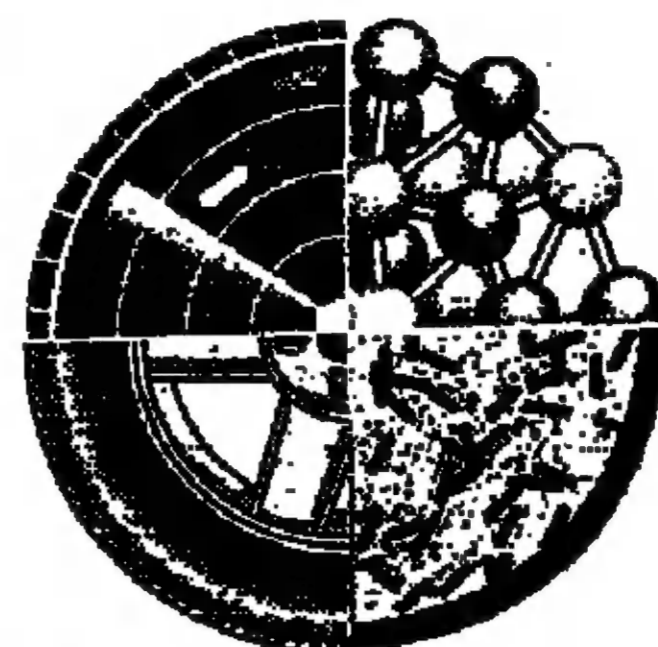
The technology could also be used in reading machines for the blind and navigation systems for

drivers. Other applications would arise because speech stored in text form takes much less computer storage space than digitised speech.

Most of these applications will not materialise until further refinements have been made to the text-to-speech process. This usually begins by stripping punctuation out of the text and converting numbers to words.

It then converts the text to phonemes, the smallest segments of

Worth Watching · Vanessa Houlder



Surgeons face up to a 3-D future

The National Engineering Laboratory has developed a three-dimensional computer modelling system which could help surgeons plan facial surgery more accurately.

Surgeons carrying out reconstructive or plastic surgery traditionally rely on 2-D information from photographs and X-rays of the patient's face. The limitations of this method can result in operations being repeated.

Glasgow-based NEL, working in conjunction with St George's Hospital, London, has designed a system using white light that can capture 3-D data from a patient's face in two seconds. It uses a "moiré fringe" confining method, which relies on the interference of light patterns to detect the contours of a face.

The developers of the system, known as OrthoForm, are now developing software that would allow surgeons to simulate facial surgery on computer.

NEL: UK, tel 03532 20222; fax 03532 72946.

Keeping an eye on the customers

Shoplifters are the chief target of closed-circuit TV cameras within stores. Yet the same security cameras can be adapted to give retailers extra information about the movements of their customers, the popularity of particular displays and the length of queues at checkouts.

This extra information can be obtained by using a system called SensUS, developed by Molyx Holdings, a Welsh company. It works by capturing images from a closed-circuit camera and isolating areas of movement. It then uses neural network software, which detects patterns, to count the number of customers in each camera scene.

Molyx: UK, tel 0633 821000; fax 0633 850393

New class of heart drugs for trial

Xenova, the low-profile UK biotechnology company quoted in New York, has identified a member of a new class of heart drugs it will now take into human clinical trials, writes Daniel Green.

Plasminogen activator inhibitor (PAI) is a natural constituent of blood that controls another substance, plasminogen activator (PA), which clears blood clots. A PAI disorder can cut the PA in the body and trigger clots.

Xenova acknowledges that the heart drug field is crowded with successful products. But it claims there are potentially dangerous side-effects with other drugs.

Xenova: Tel 01753 62229. Fax: 01753 628612.

Parking under the sun

Spain, Switzerland and Greece are experimenting with solar-powered parking meters in areas that lack a direct supply of electricity. Metric Parking, a UK ticket machine company, has designed a ticket machine with a 305mm by 810mm south-facing solar panel, which is placed on a 1.5m pole to keep it out of the reach of vandals. This provides enough power to issue up to 250 tickets if it receives eight hours of sunlight filtering through clouds on a grey day.

Heavily-used machines would require auxiliary solar-powered batteries in poor climates.

Metric Parking: UK, tel 0285 651441; fax 0285 655216.

Switched off for personal messages

Using a computer to handle voice and fax messages often means leaving it switched on even when the user is out.

Martignoni Electronics, a Swiss communication company, has launched a personal message centre, which stores fax and telephone messages, regardless of whether the PC is switched on. The Spiderman, which stores 30 pages of fax or 60 minutes of voice messages, costs £349.

Martignoni Electronics: Switzerland, tel 1273 1111; fax 1273 3700.

PEOPLE

Reece: a class act for London Scottish

For the second time in its history, Manchester's London Scottish Bank has turned to Great Universal Stores for its chief executive. Roy Reece, 47, group marketing director of GUS Home Shopping, has joined the consumer finance group as chief executive (designate).

London Scottish Bank, which celebrates its centenary next year, has been seeking a new chief executive for some time since most of its senior executives are approaching the company's retirement age of 57. Jack Livingstone, whose grandfather founded the company, plans to retire as chairman next March and will hand over to Martin West, 56, who succeeded him as chief executive in 1988.

West, who joined as finance director in 1976, says that the

company wanted somebody who was young enough to take the group into the next century and bring some new ideas. West had known Reece from their time together at GUS and believes that Reece's marketing skills will complement his own finance background. Reece is not a banker, but West does not regard this as a problem and stressed that the type of people London Scottish deals with are the same as Reece's mail order customers.

London Scottish, started in a terraced house in Wigan, has around 100,000 mainly working class customers and a network of over 100 offices around the country. It specialises in lending sums of around £500 to people who find difficulty getting credit from the High Street banks. With an average of 2m county court judgments a year,



West says that there are plenty of people who are refused credit under traditional credit scoring techniques.

Although London Scottish gets to know its customers through home visits, it still had bad debts of £2m out of £32m of gross income last year. Fortunately, the group has its own debt collection business which helps explain why profits are expected to be up by nearly a quarter to £5.6m this year. William Hall

Ramco adds to its board

Ramco, the oil services company, has appointed three new directors with extensive experience in the international petroleum industry as part of its plan to transform itself into a more broad-based energy group. Its involvement in an \$80m project to develop large offshore oil reserves in the Caspian Sea necessitated the board expansion.

Peter Everett, chairman of Pict Petroleum, an independent oil exploration company and a former senior executive with Shell, joins as a non-executive director. So too does Herbert Denton, president of a New York-based private investment bank and a specialist in investing in the former Soviet Union.

Michael Burchell, md of Ramco Oil and Gas, joins the main board as an executive director. Robert Corzine

Non-executive directors



Signet, the UK-based jewellery group formerly known as Ratners, is strengthening its transatlantic ties with the appointment as a non-executive director of the leading US retailer Lee Abraham (above).

The move reflects the fact that 60 per cent of Signet's turnover now comes from the US, where it owns the Sterling chain.

"Abraham will bring balance to the [board's] thinking, and make sure the US gets the time and attention it deserves," says Signet.

Abraham, 66, is currently senior non-executive director of Lix Giallorne, the US fashion group. He is perhaps best known as the former chairman, from 1977 to 1993, of Associated Merchandising Services, the New York-based retail merchandising and sourcing organisation which worked with many of the leading department and specialty stores in the US.

He built up AMS from a business handling \$140m of shipments in 1977 to more than \$1.1m by 1989. By the time Abraham retired, it had 31 offices in five continents.

Abraham was one of the first US retailers to start developing connections with China. "He has a widespread merchandising and retailing background in the US, and tremendous international experience," says Signet.

Before AMS, Abraham was chairman and chief executive of May Merchandising, part of the May department store group in the US. Neil Buckley

Jerry Brand, 57, who runs the privately-owned Brand Group, a fast-growing contract caterer, has taken a step closer to fulfilling his stock market ambitions by recruiting his first independent non-executive director - Stirling Gallacher.

Gallacher, 62, was managing director of Gardner Merchant Caterers, the industry leader, in the mid-1970s and went on to do the same job at Sutcliffe Catering, another of the big three UK contract caterers. He retired as chairman of Sutcliffe in 1992 after Granada had bought the company.

Brand started his own catering company in 1988 and annual turnover has grown from \$270,000 to \$30m in the current year, with \$40m budgeted for next year. Brand expects to make pre-tax profits

of \$500,000 in 1994 and is hoping to get his company floated on the stock market by 1996. He says that he is looking for an additional non-executive director with financial experience. William Hall

Michael Jackman, chairman of Allied Domecq, and Lawrence Urquhart, chairman of Burmah Castrol, at KLEINWORT BENSON.

Gary Sturges, former cabinet secretary and director general of the Cabinet Office in New South Wales and principal of Sturges Australia, and Sir John Whitehead, former British ambassador to Japan, at SERCO GROUP.

David Burnside, former director of public affairs at British Airways, and Simon Elliott, who lived and worked in the Middle East before the war in Lebanon and who is now founder-director of Shelston Construction, St Giles Joinery and Stourpaine Developments, at BRITISH MEDITERRANEAN AIRWAYS.

VEBA INTERIM REPORT AS OF SEPTEMBER 30, 1994

RIGHT ON COURSE

The upward trend which was already evident in the first six months has continued during the third quarter. In a climate of economic recovery, the restructuring measures implemented by the VEBA Group are clearly bearing fruit.

NOTABLE INCREASE IN SALES

In the first nine months of 1994, VEBA has increased its sales by 5.5% (excluding petroleum taxes). Significant growth was achieved in the Electricity and Services Divisions.

INCOME BEFORE TAXES UP BY 41%. RESTRUCTURING MEASURES IN CHEMICALS PAYING OFF

In addition to the streamlining measures taken, the upturn in the economic climate also contributed to the significantly improved earnings. Earnings in the Electricity Division have increased again. In the Chemicals Division, operating earnings improved noticeably. Extraordinary expenses associated with the restructuring program continue to have a negative impact on earnings in this division. Earnings in the Oil Division, although up on the previous year, are

still unsatisfactory. This Division has therefore implemented the necessary measures to reduce costs. The Trading/Transportation/Services Division was able to build on the good results of the previous year.

PERSONNEL: FURTHER REDUCTIONS IN CHEMICALS, RISE IN ELECTRICITY, TRADING AND SERVICES

At the end of September, the VEBA Group had 129,815 employees, up 1.1% compared with the previous year. A noticeable increase was recorded in the Electricity Division as a result of the consolidation

of the eastern German distribution companies, as well as in the Trading and Services Divisions. The cutbacks in personnel in the Chemicals Division continued.

CAPITAL EXPENDITURES FOCUS ON ELECTRICITY

The hard coal-fired power plant in Rostock (DM 1.3 billion investment) came on stream in September, while the power station projects in Kirchmünster and Schkopau will continue on schedule. Investments in the Chemicals Division were decreased as planned, while in the Oil Division, expenditures focused mainly on the exploration and production of crude oil and natural gas, as well as the expansion of the service station network in eastern Germany. In Trading/Transportation/Services, expenditures were concentrated in particular on new DIY supply markets and the building materials, chemicals distribution, transportation and real-estate sectors.

If you would like a copy of the latest Interim Report, please contact: VEBA AG, Public Relations, Bismarckplatz 1, 40474 Düsseldorf, Germany. Tel: +49 211 4579-367, Fax: +49 211 4579-552.

Group Highlights		11-30.9.1994	11-30.9.1993	Change	
Sales	DM million	52,433	49,189	+ 6.6%	
Income before income taxes	DM million	1,502	1,084	+ 41.2%	
Employees	(30.9.94)	129,815	(31.12.93)	128,348	+ 1.1%
Investment in fixed assets	DM million	3,087	3,085	+ 0.4%	

VEBA

مركزنا من الاموال

PROPERTY

Paternoster Square: wasted years

Nov 1985: Consortium led by Standard Life and British Land buys Paternoster Square from Church Commissioners for £200m

May 1987: Mountleigh buys Stockley

May 1988: Mountleigh takes full control of Paternoster site

Oct 1988: Mountleigh sells to Organisations Group, Caracas of Venezuela for \$200m

Oct 1989: Greycoat and Park Tower buy Paternoster Associates for £100m

Feb 1990: Mitsubishi Estate takes 50% of Paternoster Associates

1991: Greycoat writes down Paternoster investment to zero

Summer 1992: Development work begins

The square in a hole

Investors, not architects, will decide the future of London's Paternoster Square, says Simon London

The future of Paternoster Square – the ugly concrete precinct next to St Paul's Cathedral in the City of London – will be decided in the next few months.

But after almost a decade of public wrangling about what should occupy London's most sensitive development site, it will be investors rather than architects or planners which will determine the outcome.

The planning process is finally chugging to a conclusion. Last week, Standard Life, the UK life insurance group, won detailed planning permission to redevelop Juxon House, in the south-west corner of Paternoster Square, directly opposite the cathedral.

Paternoster Associates – a joint venture between UK developer Greycoat, Park Tower Realty of the US and Mitsubishi Estate of Japan which owns 4.2 acres of the seven-acre site – should clear the final planning hurdle in January.

It was in 1987 that proposals for a modernist design for the site were scrapped when the Prince of Wales described the competition which produced it as "demoralising".

The City of London planning authorities granted outline permission for Paternoster Associates' new neo-classical design in October 1992.

These envisage 750,000 sq ft of offices and more than 80 shops and restaurants to a plan which aims to recapture the pattern of streets and lanes which existed before the area was levelled in the second world war.

Standard Life is now free to build 185,000 sq ft of offices to a design by Whitfield Partners, the architectural practice run by Sir William Whitfield, who is also a member of the Royal Fine Art Commission.

Including Sudbury Tower, which is owned by Nuclear Electric, the UK utility, the entire Paternoster Square site could accommodate more than 1m sq ft of office space.

But when will the developers have the confidence and financial resources to start work?

Although Standard Life now has full consent, it is by no means clear that it will press ahead with redevelopment of Juxon House. The existing building is let to Barclays Bank on a lease with about 70 years left to run. The landlord would have to be sure of finding a new tenant at rents above current levels to make redevelopment worthwhile.

Mr Alex Watt, property investment manager at Standard Life, said: "The main question is financial: when is the right time for us to build. We also have to ask whether tenants will want to occupy offices next to a major building site. It could make sense for us to wait until the rest of the Paternoster development is finished."

The initiative, therefore, is with Paternoster Associates as owners of the majority of the site. The consortium paid £160m for its slice of Paternoster Square in 1989. However, after five years of delay and planning battles the total cost is thought to be about £280m.

Each of the partners originally contributed £15m equity, with the rest of the acquisition funded with debt provided by Mitsubishi. Greycoat and Park Tower Realty have since written down the value of their stake to zero, so the site is, in effect, in the hands of Mitsubishi.

The Japanese company, part of the powerful family of companies which includes Mitsubishi Bank, was once seen as the main supplier of long-term development finance to Paternoster Associates. However, the Japanese group has suffered from a domestic property recession as fierce as anything

experienced in London.

Under these circumstances, the estimated £375m development costs will have to be found elsewhere. Greycoat is trying to organise a group of financial institutions to fund the six new buildings planned.

The snag is that work can not start in such a sensitive area until funding for all six phases has been committed. Paternoster Associates cannot run the risk that its grand design will end up half finished.

Trying to find a funding formula which satisfies six or more financial institutions and all three partners in Paternoster Associates will not be easy.

The biggest hurdle could be Mitsubishi's reluctance to recognise the true value of Paternoster Square. It made loans of about £200m to Paternoster Associates to fund the initial acquisition of the site and work carried out since.

Conventional institutional funding would effectively involve selling the finished development forward, which could force the Japanese company to take an unwelcome write-down on the loans.

There are doubtless ways in which these problems can be overcome – such as keeping the ground lease with Mitsubishi and granting long sub-leases to institutions. But time

is running out if Paternoster Square is to capitalise on the shortage of City office space.

On paper, Paternoster should provide attractive accommodation with floors of up to 30,000 sq ft – exactly the type of office space which is now in short supply.

But Paternoster is not the only potential City development looking for institutional funding.

The authorities have already granted planning permission for an extra 13.6m sq ft of office space within the City. Of this, more than 7m sq ft covers sites which are currently empty and waiting for work to start.

The lead-times on property development are such that Paternoster Associates can be fairly confident that there will not be an oversupply of new offices much before 1999.

To get the whole development finished by then, though, demands that cranes are erected by the middle of next year at the latest.

Mr Peter Thornton, managing director of Greycoat, conceded that the timetable is tight. "With a three and a half year development schedule ahead of us we really need to be ready to roll by the middle of next year," he said.

"I would not like to be starting later than the summer. Trying to get the funding sorted out over the next three months will be critical."

سكنا من الامن

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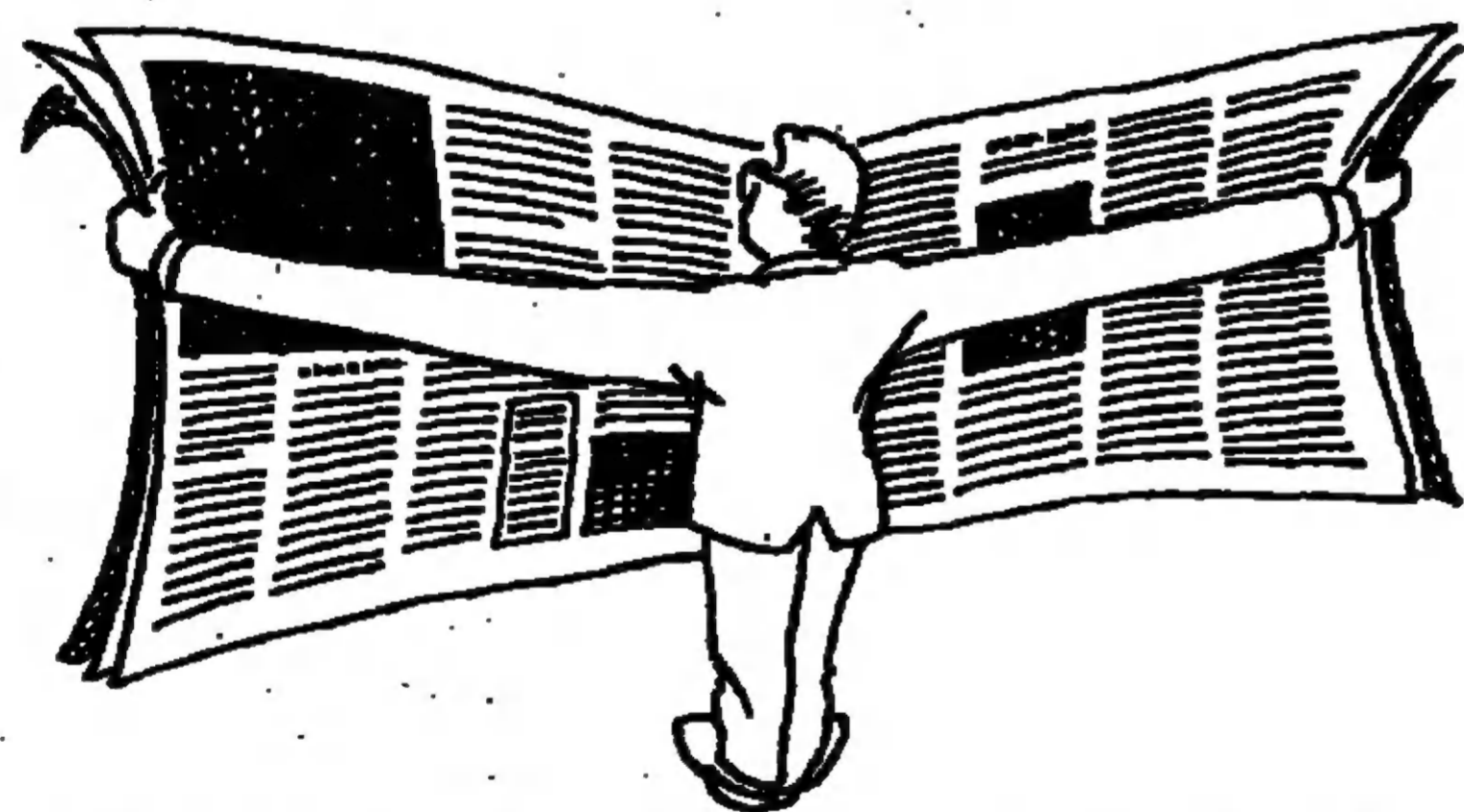
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FT PROFILE
BUSINESS INFORMATION

PART OF THE FINANCIAL TIMES GROUP

INTERNATIONAL PUBLIC ANNOUNCEMENT

Loram - Development Company for Lod-Ramle Ltd.
Ayalon Association of Cities for Treatment of Sewage

The National Water and Sewage Administration
Department for Project Promotion

■ Invitation to submit bids for preselection

Preselection bids are hereby invited for the planning, construction and operation of a sewage treatment facility for the Ayalon Association of Cities (hereinafter: the Association) by means of the Government Corporation for the Development of the Lod-Ramle Area (hereinafter: Loram).

Loram hereby invites bids from interested contractors, in Israel or abroad, who possess the requisite skills in planning, construction, operation and maintenance of a sewage treatment facility.

The said facility will serve an area currently containing some 300,000 people with a sewage flow of approximately 50,000 cubic meters per day. By the year 2005, the population is expected to increase to 60,000, with a sewage flow of 100,000 cubic meters per day.

Participants chosen for the preselection list will be entitled to submit bids for the tender. The bidders must comply with the terms set forth in the prequalification documents. Failure to comply with any of the prequalification terms will entitle Loram to reject the bid.

Preselection documents are available from Loram offices at 7 Mahanot Kafirain Street, P.O.B. 222 Lod. Tel: 08-2461123. Fax: 08-226133.

The documents are available from December 11, 1994, Sundays through Thursdays between 10:00 - 14:00, at a cost of \$500.

Further details regarding preselection documents may be obtained by telephone at: Tel: 08-2461123. Fax: 08-226133.

Preselection documents must be submitted by January 25, 1995 at 12:00. Three copies of the documents are to be submitted in separate envelopes.

Loram reserves the right to reject any or all of the bids.

Loram - Development Company for Lod-Ramle.

CONTRACTS & TENDERS

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Secretaria de Estado do Desenvolvimento Urbano

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International Call for Tenders N° 120/94-DT

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Resources: PROSAM-World Bank-Loan N° 3,505-BR.

Opening: January 27, 1995 at 10 am.

Information: Superintendência de Planejamento Técnico

Address: Rua Rebouças, 1376

Tel: (041) 322-4846 - extensions: 6012 and 6071

Fax: (041) 224-9515.

Curitiba, November 17, 1994

Marco Antônio Canoviza (Engineer) Mario Augusto Baggio

Director President Technical Director

GOVERNO DO ESTADO DO PARANÁ

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

IN THE MATTER OF

PRESTWICK HOLDINGS PLC

AND

IN THE MATTER OF THE

COMPANIES ACT 1985

NOTICE is hereby given that a Petition was on 18th November 1994 presented to His Majesty's Court of Justice for the confirmation of the reduction of the share premium account by £5,137,000 from £7,766,000 to £2,629,000 of the above named company as at 14th November 1994.

AND NOTICE is further given that the said Petition is directed to be heard before Mr Justice Goff on the 20th day of December 1994.

ANY Creditors of Shareholder of the said company desiring to oppose the making of an order for the confirmation of the said reduction of the Share Premium Account should appear on the day of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be forwarded to any such person requesting the same by the undersigned solicitors on payment of the regulated charge for the same.

Dated the 9th day of December 1994.

Mervyn Davies

63 Queen Victoria Street, London EC4N 4ST

(Ref: EMD/SS/CP/27/94/95)

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MANAGEMENT

Christie Brown-Hurles and Tim faced the challenges of new business schools

Riga's recruits

Sandwiched between a dilapidated former Soviet military barracks and a dingy Soviet-style apartment block, the renovated Stockholm School of Economics in Riga gleams like a jewel in the winter gloom.

Inside the building the mood is equally bright. "This school will give me opportunities I would never have had otherwise. It is the best in Latvia," says Uldis Kalnins, an 18-year-old, high-school graduate and one of 56 students in the first-year intake.

SSE Riga, inaugurated last month, is a unique collaboration between Swedish and Latvian partners designed to help the Baltic states grow into fully-fledged market economies. It will provide 100 students a year from Estonia, Latvia and Lithuania with intensive undergraduate tuition in economics and business.

The aim is to create a new breed of entrepreneurs, academics and administrators - people who can quickly assume positions of influence and transform attitudes in countries that were part of the former Soviet Union until three years ago.

The school's name reflects the boldness of its board of international management institute of Kiev, and Andrew Masluk, director general, know all about starting a business school in the old eastern bloc.

Established in 1989 as a joint venture between the International Management Institute in Geneva (now merged into IMD of Lausanne) and the Ukrainian Academy of Sciences, IMI-Kiev claims to have been the first institution in the former Soviet Union to offer an MBA based on the western model. "Investing carried an article in 1990 saying that if you want to learn about management you need to go to Kiev," chuckles Hawrylyshyn, a Canadian who is also adviser to the Ukrainian president.

Hawrylyshyn and Masluk are in

leading role played by the Stockholm School of Economics, both in initiating the project and providing management.

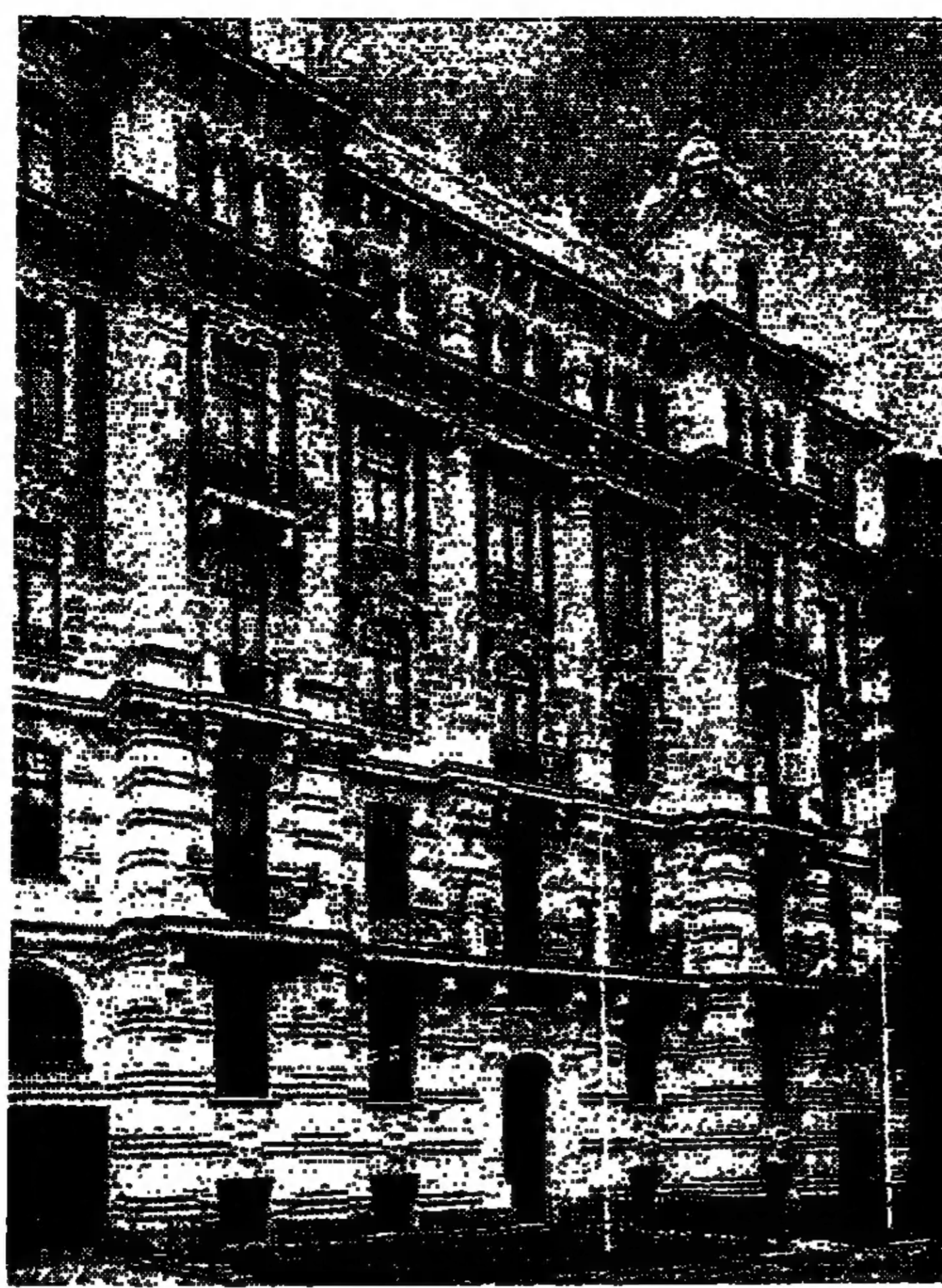
Indeed, it was a casual chat between Staffan Burenstam Linder, the SSE's president, and some Baltic state students three years ago that first gave rise to the idea. Burenstam Linder seized on it eagerly. "I like bold ideas and I like entrepreneurship," he says.

There were plenty of hurdles, but eventually Burenstam Linder received financial backing, co-operation from the Latvian authorities, and a distinguished building in central Riga to house the new school.

Funding is being provided by the Swedish and Latvian governments, the Soros Foundation, and a few private donors. The Swedish government will provide as much as SEK90m (\$7m) over 10 years, mainly to cover education costs. The Latvian side meets local charges, such as heating and electricity.

The Soros Foundation gave \$2m (£1.3m) to renovate the building and build a new auditorium. The school is 51 per cent owned by the SSE and 49 per cent owned by the Latvian government.

Three years of normal university



Bright spark: Riga hopes that its new school will acquire international credibility

teaching will be crammed into two. This saves costs and gets the graduates into the system as soon as possible. The first year's intake - for practical reasons, Latvians only - are aged between 18 and 25 and come from a mixture of backgrounds.

They do not have to pay tuition costs or fund their own maintenance, avoiding a common situation in eastern Europe where students have to take on part-time jobs to finance their studies.

Teaching will initially be carried out almost exclusively by SSE staff, although a much greater local and international input is desired in the long-term. Indeed, great store is being placed on the school's international credibility.

national credibility, which is one reason why the teaching language is English.

The programme is deliberately being pitched at undergraduates, as there are currently too few good graduates for effective courses to be run at a Masters level. There will also be a doctoral programme, but this will be run out of Stockholm until it has been built up in Riga.

The worry with this arrangement is that it increases the risks of a "brain-drain". If students decide to continue their education abroad after the two years in Riga, the chances of them staying abroad rather than working back home increase.

The hope is that over the next 10 years the school will attract donations, building up a sufficient endowment to stand on its own feet. When this point is reached, it would no longer be run by the SSE.

If the venture is successful - and the early signs are promising - Burenstam Linder sees no reason why the concept should not be transplanted to other former Soviet cities such as Tallinn or St Petersburg.

The project is seen as a practical way for Sweden to support the Baltic states while helping to cement long-standing cultural and historic ties. "A lot of aid to eastern Europe disappears down a black hole. Here we have full control over how it is spent," says Per Unckel, a former Swedish education minister who was involved with the project.

But there are also voices of caution. Peter Wallenberg, one of many top Swedish industrialists who attended the inauguration, says the school can only do part of the job of transforming the economies of the Baltic states. "It is very important that the students come out into an environment which they recognise from the instruction they have had. Otherwise they will go abroad," he warns.

CBH

ern MBAs more than happy these days to increase their market worth by 50 per cent.

Of the 160 alumni, whose number includes Roman Shepe, the Ukrainian minister of economics, the vast majority have stayed at home setting up new businesses or working for foreign joint ventures.

IMI-Kiev's so far positive experience contrasts with the mostly disappointing attempts by western business schools to export management education to the east.

"They have mostly done virtually nothing," scoffs Hawrylyshyn. "Very few people know anything about eastern Europe, while their interest coincided with the economic crisis and tight budgets."

TD

Robert Taylor on the European trend towards flexible working

Time is up for 35-hour week

Reducing the hours people work is seen by many in the European Commission and inside European trade unions as an important means of alleviating mass unemployment.

But as a conference in Dusseldorf organised by the European Trade Union Institute (ETUI) has painfully revealed this week, devising a credible Europe-wide strategy applicable to a diverse range of labour markets is going to be difficult.

Many European trade unions appear to be shifting their position over working time, becoming increasingly flexible as they adapt to the more complex world of work. "They have come to realise that a rigid working time policy, geared exclusively to a 35-hour working week, is no longer appropriate in the current state of society," says Reiner Hoffman, the institute's research director.

For the past 18 years the European Trade Union Confederation - the organisation that represents most of the trade unions inside the European Union - has been committed to the goal of a 35-hour working week without loss of pay achieved through collective bargaining. This has mainly reflected a German male manufacturing manual worker point of view.

But this no longer seems to be a relevant goal in an increasingly fragmented and divided labour market where a substantially large number of workers are now in part-time jobs or working in shifts around the clock.

They recognise that new systems of production and new human resource management techniques have been accompanied by an increasing trend inside industries and services across the EU towards specific forms of working time flexibility.

"The major concern of the European employers is to reduce unit labour costs to a minimum in the interests of competitiveness," explains Hoffman. Global market pressures have added to the need of many companies to change the

ways working time is organised. More often than not this is being done without bargaining.

Trade union responses to these developments have been defensive, piecemeal and grudging. However, there are growing signs of change. Dieter Schulte, president of the DOB, the German Trade Union Confederation, argues that the unions must establish a co-operative strategy with employers over working time. He also acknowledges that economic growth alone is unlikely to create enough jobs to resolve Europe's unemployment crisis.

But the often confusing discussion revealed an enormous variety of contrasting union attitudes from the different EU countries.

Some are coming to terms with the vast increase in part-time employment, most significantly the Dutch FNV union confederation which wants to encourage the spread of part-time employment among workers. "It is an instrument for social change to achieve a better distribution of work for all, an improvement in women's employment participation and a fairer distribution of unpaid work outside the workplace," argues Joke Van den Berg, an FNV board member.

Trade union officials from elsewhere in Europe, though, emphasised the need to annualise the number of hours people work as a means of reducing excessive overtime work and ensuring more stability in shift working.

What was missing from the conference, however, was any real awareness of the conflicting views of European employers. Many union officials remain frozen in the views of nearly 20 years ago when trade unions in western Europe were stronger and more self-confident.

Notwithstanding the ETUI's research papers which emphasised the need for productivity gains in return for cuts in working time, there seemed little awareness of the global pressures being imposed on employers to keep their unit labour costs under control.

Mouthwatering multiple found in Kiev

London this week, in part to try to drum up more support from British companies and promote the attractions of Ukraine in the wake of recent economic reforms.

Backed with Ecu2.3m (£1.8m) of grants from the European Union, IMI-Kiev has developed consultancy links with the likes of Gaz de France, Credit Lyonnais and General Electric of the Netherlands.

But apart from British Petroleum, which subscribed to the school's initial \$400,000 (\$270,000) of capital, it has so far drawn a

blank in the UK.

Masluk says the school "started out very much teaching the core MBA courses which would be found in Europe and the US" - despite the shortage of successful new businesses as case studies it soon added sessions on local economic developments. "In management you need to teach what is universally valid, what is transferable and what is culturally specific," he adds.

Both men acknowledge the challenge of teaching management in a country such as Ukraine, which is

why only 30 per cent of the course is devoted to knowledge transfer, 30 per cent to skills development, "and the rest to encouraging a new way of thinking, new values and new beliefs". Hence the need for external consulting partners to give students team-based experience.

Fees at IMI-Kiev are steep by local standards but Hawrylyshyn claims students who arrive earning \$10 per month have been recruited into jobs paying \$1,000 per month - a mouthwatering multiple for west-

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PUBLIC NOTICES

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SUB-SECTIONS 8(5) AND 10(5) OF THE TELECOMMUNICATIONS ACT 1984

The Secretary of State hereby gives notice as follows.

1. He proposes to grant a licence under the Telecommunications Act 1984 ("the Act") to Liberty Communications Limited, formerly Millicom Holdings (UK) Limited, ("the Licensee") to run telecommunication systems throughout the United Kingdom. The licence will be for a period of 25 years subject to earlier revocation in specified circumstances.
2. The principal effect of the licence will be to enable the Licensee to install and run telecommunication systems throughout the United Kingdom. The Licensee will be able to provide a wide range of services but excluding mobile radio services and certain international services. The licence authorises connection to a wide range of other systems. The Licensee will be able to carry broadcast entertainment services. On securing a share of 25% or more of the market in respect of particular services in an area specified by the Director General of Telecommunications, the Licensee may be obliged to make available those telecommunication services to all who reasonably request them within that area.
3. The licence will be subject to conditions such that section 8 of the Act will apply to it, thereby making each of the systems run under the licence eligible for designation as a public telecommunication system under section 9 of the Act. It is the intention of the Secretary of State to designate each of the Licensee's systems as a public telecommunication system.
4. The Secretary of State proposes to grant the licence in response to an application from the Licensee for such a licence because he considers that it will help to satisfy demands in the United Kingdom for the provision of services of the type authorised, will promote the interests of consumers in respect of the quality and variety of such services, and will maintain and promote effective competition between those engaged in the provision of telecommunication services.
5. He proposes to apply the telecommunications code ("the Code") to the Licensee subject to certain exceptions and conditions throughout the United Kingdom. The effect of the exceptions and conditions to the application of the Code is that the Licensee will have duties:
 - (a) to comply with various safety and environmental conditions, in particular (with certain exceptions) to install lines underground or only on such above-ground apparatus as is already installed for any purpose;
 - (b) to comply with conditions designed to ensure efficiency and economy on the part of the Licensee, in connection with the execution of works on land concerning the installation, maintenance, repair or alteration of its apparatus;
 - (c) to consult certain public bodies before exercising particular powers under the Code, including the local planning and highway authorities and English Nature, Scottish Natural Heritage, the Countryside Council for Wales, the National Trust and the National Trust for Scotland, as well as relevant electricity suppliers;
 - (d) to keep and make available records of the location of underground apparatus and copies of the exceptions and conditions in the licence to its powers under the Code; and
 - (e) to ensure that sufficient funds are available to meet certain liabilities arising from the execution of street works.
6. The reason why the Secretary of State proposes to apply the Code to the Licensee is that the Licensee will need the statutory powers in the Code to install and maintain the telecommunication systems which are to be installed and run under the proposed licence.
7. The reasons why it is proposed that the Code as applied should have effect subject to the exceptions and conditions referred to above are that they are considered requisite or expedient for the purpose of securing that the physical environment is protected, that there is no greater damage to land than necessary, that the systems are installed as safely and economically as possible, and that the Licensee can meet (and relevant persons can enforce) liabilities arising from the execution of works.
8. Representations or objections may be made in respect of the proposed licence, the application of the Code to the Licensee and the proposed exceptions and conditions referred to above. They should be made in writing by 16 January 1995 and addressed to the undersigned at the Department of Trade and Industry, Telecommunications Division, Room 2.78, 151 Buckingham Palace Road, London, SW1W 9SS. Copies of the proposed licence can freely be obtained by writing to the Department or by calling 071-215 1756.

Jill Knight
Department of Trade and Industry

9 December 1994

LEGAL NOTICES

No. 187356 of 1994
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
INCORPORATED IN THE
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 15th November 1994 presented to you Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £10,000,000 to £1,000,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL, on Wednesday the 21st day of December 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requesting the same by the undersigned Solicitors on payment of the regulated charge for that purpose.

Dated this 9th day of December 1994

Wickham Graham & Jones
25-31 Moorgate
London EC2A 4AR

Solicitors for the above-named Company

No. 187357 of 1994
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
WESTERN MOTOR HOLDINGS
PUBLIC LIMITED COMPANY
AND
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 15th November 1994 presented to you Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £3,000,000 to £1,000,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL, on Wednesday the 21st day of December 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requesting the same by the undersigned Solicitors on payment of the regulated charge for that purpose.

Dated this 9th day of December 1994

Nicholas Graham & Jones
25-31 Moorgate
London EC2A 4AR

Solicitors for the above-named Company

FT
FINANCIAL TIMES
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- LONGER TERM ISSUES: UNIVERSAL SERVICE
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Mr Alan Bell
Economic Director
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Mrs Pat Sellers
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Mr Peter Walker
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Mr Nicholas Argyris
Director, Directorate A (Telecommunications and Postal Services)
Directorate-General XIII
European Commission

COMPETITION IN INTERNATIONAL TELECOMMUNICATIONS - THE UK'S PERSPECTIVE AND POLICY

Mr William MacIntyre
Head of Telecommunications Division
Department of Trade and Industry

INTERCONNECTION AND A GLOBAL INFORMATION INFRASTRUCTURE (GII)

Mr Scott B Harris
Bureau Chief, International Bureau
Federal Communications Commission

THE SWEDISH APPROACH TO INTERCONNECTION

Mr Jan Freese
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The National Post and Telecom Agency

The sponsors reserve the right to alter the programme as may be necessary

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INTERCONNECTION

London, 8 February 1995

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A well-conducted partnership

Richard Fairman reports on an eventful year for the newly-knighted Simon Rattle

There are not many knights under the age of 40. When the news broke of Simon Rattle's knighthood in June this year, one of the musicians in the City of Birmingham Symphony Orchestra told his colleagues, "Our Simon has been made a saint". Typically, Sir Simon's own reaction was more down-to-earth: "The first thought I had was 'I'm not dead yet!'".

Seeing that one of its exclusive younger artists was breaking into the top league, EMI Records had already decided that 1994 would be the year of Simon Rattle. The plan was to tie in new recordings with major appearances worldwide, such as Rattle's debut with the Vienna Philharmonic last December and the CBSO's visit to Warsaw, for which journalists were flown in from around the world. EMI says it wants "to give a sense of focus" to a highly-valued artist, but a hard-nosed businessman will recognise a marketing plan when he sees one.

The major classical record companies are having to work hard to maintain profitability. As recordings from the 1990s and '70s are sold at ever lower prices, the set is being saturated with versions of the standard symphonies and concertos. It is no surprise that some of the big companies, with their expensive conductors record-

ing Beethoven's symphonies for the third time, are struggling to balance their books.

EMI regards itself as well placed with Rattle. Unlike many of the top conductors, he has made his central interest the music of the 20th century. The bulk of his recordings are of Mahler, Stravinsky, Britten, Berlioz and other modern composers, rather than the classics. Promoting living British composers - such as Mark-Anthony Turnage, who was the CBSO's composer-in-residence - is a serious responsibility in Rattle's eyes and his record company is encouraged to see it the same way.

He persuaded EMI to record Nicholas Maw's *Odyssey*, a hugely expensive undertaking, which will not break even for years, if at all. The company denies that this was the price it had to pay to keep Rattle on board. Roger Lewis, Director of EMI's Classical Division, says that it is a "crude simplification" to weigh up the account in that fashion. "We want to look at our relationship in an enlightened and mature way. There is a synergy: the benefit from making that recording gets reflected throughout the rest of his catalogue."

He stresses that the company's commitment to Rattle is long-term - a phrase which means what it says in this industry. After 17 years with EMI, Rattle's recordings have

only recently gone into profit. The pay-back on investment with classical musicians has to be counted not in years, but in decades. (With that in mind it will be interesting to see what EMI intends to do with Franz Weiser-Moet, its other exclusive young conductor, only in his 30s, but wobbling in his career at the moment.)

As 1994 comes to a close, the Rattle year is being counted a success. Lewis says that the effect of the marketing blitz has been "measurable in sales terms" with a significant uplift in the US, where Rattle conducts in Boston and Los Angeles. They would expect to adopt the same approach again. Meanwhile, for Rattle, the path ahead looks assured, not least at EMI, with whom he has signed a new contract which stretches into the next century.

In Birmingham, he is unassailable. The CBSO will want to hold on to its music director as long as it can, certainly until the climax of its "Towards the Millennium" project, which lasts until the year 2000. This year's programme exhibits every sign of confidence. The season opened with a performance of Schoenberg's massive *Gurrelieder*, which sounded glorious in the fine acoustics of Symphony Hall and

was warmly received, despite less than ideal soloists.

Then, last week, Rattle and the CBSO presented a major premiere by the Russian emigre Sofia Gubaidulina. Entitled *Zeitgeist*, this is described by the composer as "a desire to convert the vertical time of timeless imagination into a linear form"; whereas to the listener it is more a succession of very striking sounds that may, or may not, have any deeper meaning. What is impressive is that it was done at all. The orchestra it demands (including six horns, electric guitars, accordion and an array of percussion) is vast and the cost surely enormous.

Abroad, Rattle is said to have enjoyed himself immensely in Boston, which rumour suggests may offer a serious ambition for the future. He is also a regular visitor to Berlin, where he offers characteristically unusual repertoire. His first recording with the Berlin Philharmonic, issued this autumn (another Rattle landmark), was Liszt's *Paganini* and he also plants a feather in his cap as the first conductor to have put Rameau on the orchestra's music-stands. "After the initial chaos - and it was utter chaos - they took to it with such warmth and vitality. I was delighted, because I was as nervous as I've ever been there, and I'm never less than petrified."

The steady rise of his career is mirrored in his philosophy. "You learn in increments. Every month I am learning some great truth and wonder how I managed without it before. But I do suspect people who say it gets easier, because every little bit of wisdom brings its complications. Almost all musicians have areas that are easy for them, but it doesn't mean those are the ones they will do the best. With some pieces of music one is fated to fail."

At so early a point in his career the knighted raised other problems. "My misgivings were personal. I considered very quickly what it meant for my parents. The thing that convinced me was thinking of the use that Ian McKellen has made of his knighthood, turning it into extra ammunition for an extraordinary crusade. There is going to be another big fight for the arts in this country over the next 12 months. I'm amazed that people can so lightly take the existence of the orchestras in this country for granted, because extinction is close for many. I have the feeling that we'll have to use those extra three letters for whatever additional weight they may carry. It's just a shame that a knighthood can't be backward-looking. My mother would make an ace Lady Rattle."



Simon Rattle: unlike many top conductors, his central interest is 20th century music rather than the classics

Theatre Grimm Tales

There are few tales in the Brothers Grimm more unlikely than the history of the Young Vic over the past year. Since salvaging the artistic directorship from a crisis of confidence that eventually heralded the departure of his co-director Julia Bardsley, Tim Supple has put commercial credibility back on the agenda with a little less of the "inventive" idealism, and a little more populist nous. Hot on the heels of John Byrne's *The Shog* (reviewed), the theatre's first major critical success this year, comes *Grimm Tales*, a selection of eight disparate rumbles from the 201 stories the Brothers managed to collate from the dark ages of European folklore.

The striking feat of Supple's devised production is that it spans the adult/child age gap. A predominantly older audience might have preferred a grimmer night - some of the real gamey ones have been left on the shelf - but Carol Ann Duffy's adaptations have taken off many of the Disney filters that have domesticated the stories since the first edition in 1812.

When the cast first spill out onto Melly Sullivan's stark stage in *Hansel & Gretel*, dressed as if headed for one of Bruegel's peasant orgies, there is little to disguise the atmosphere of desperation that winds through the characters as they spin in and out of the story as narrators or in character.

With Chris Davey's lighting spilling the gloomy atmosphere through the floor, and Adrian Lee's mesmeric trumvirate of acoustic musicians kneading eerie medieval rhythms, this is no frothy ride from Jackboots poverty to an MGM Oz. Rather it is a dark and disturbing journey through childhood fears harnessed compellingly by Linda Kerr Scott's Mother, who transforms from hard-edged Scottish drab to the skeletal, start-righted croon. Even when Sarah C. Cameron's Gretel wanders her down a stage trap into the oven, her grasping hands with six-inch fingernails continue to rear out of the stage smoke, forcing Gretel to dispatch her with a kitchen knife.

If more epic tales, like *Iron Hans*, fail to grip with the same direct expediency as *Hansel & Gretel* or the seminal *Aspidochelone*, this is because they lack their



Sarah C. Cameron and Linda Kerr Scott in *Hansel and Gretel* Alastair Macaulay

rough-hewn, gothic immediacy. Similarly *The Golden Goose*, though obviously emblematic, is a lesser, more pantomimic force. But *Aspidochelone* is undoubtedly Supple's *tour de force* in this highly physical staging. There is little on the evening's menu to equal the moment when Linda Kerr Scott and Sarah C. Cameron as Ugly Sisters wincedly slice off their toes and heels to fit the fitted shoe; until, that is, Dan Milne's Mother Spirit plucks out both Sisters' eyeballs on the day Natasha Pope's cindered Aspidochelone marries her Prince. But the most vindictive scenes are shared by Alan Perrin's improbably lingu-

brious Step Mother, when she hands out the scissors to her daughters, and Paul Meston's creepily about Father who rebuffs the Prince with "there's only a grubby little kitchen maid my wife left behind". Retribution is rarely as sweet in Grimm.

With such uncomplicated sentiments and spoken fears, *Grimm Tales* has a rare potency that usefully challenges the relentless numbing violence of a video age.

Diana Southwell

Grimm Tales continues at the Young Vic until January 21

Fascinating Aida's sugar-coated pill

Alastair Macaulay writes a letter to his niece

Darling Rachel,

Well, even if you weren't going to see *Fascinating Aida*, you'll sooner or later find yourself quoting them anyway, so you'd better go sooner. Not that I'm saying that you yet have any cause, while you're still only 20, to quote a song like "Fell in Love with a Man in Love with Another Man". ... But the p.c. song is bound to come in handy. "We're politically correct, politically correct. All phalloscentic language we reject. It's no use agreeing. We hate you just for being." Try it some time over Christmas at your father's.

The great thing about *Fascinating Aida*, though, is not that you find yourself quoting their words. Kit and the Widow are quoteworthy too, for instance, but their music! The joke with those boys is that you've heard just about all the music before.

With these three women - Adele Anderson, Issy van

Randwick, and, most delectably, Dillie Keane - it's the music that lodges the words under your skin; the music, and their musicality in singing it. More particularly, the contrast between what they're saying (mainly breathtakingly tough) and how they're singing (mainly very sweet) develops an astonishing irony - like a sugar-coated pill.

The way their swingle-jazz item, "My Favourite Tool", also becomes a rap number too, is, I think, musically brilliant, and it has the audience laughing long before they take in the words. But about half their songs are quiet walkies, and it's typical of them that to the most tenderly Victorian of these three address, *dolcissimo*, "Dear little two-headed baby ... the very last word in genetic mutation ... What joy to give birth at a hundred at eight ...". As I quote the mere words, their cynicism sounds all too horrid; but when

you hear the music, the honeyed lullaby-like hush of it adds the most bewildering charm to it.

Still, their lyrics are a marvel of polish, Triple rhymes abound. (On being back with an old boyfriend: "I'm deranged! To think that you have changed! I'd like to see your features rearranged.") Camilla Park-and-Ride is there, and Mrs Major, and Naomi Campbell, and Portillo. There's already a little song about the cancellation of extra VAT on fuel. Especially in the second half, I guffawed at a number of unrepeatable lines.

But maybe their most wonderful feat is in putting together a whole clutch of soft blues numbers in Part One - numbers that cause a ripple of sympathy or approbation but scarcely one laugh. The mood darkens, and the tender plight of modern women is expressed in several different facets. "Fell in Love with a Man in Love

with Another Man" is actually the most beautifully haunting song of the evening.

I sound like a groupie, but no. After years of hearing about them, and hearing castles of them, this is the first time I've actually been to see them. Which is worth it from the first moment Dillie Keane appears, with her dolorous face, big, hooded eyes, and the sagging corners of her dejected mouth. Adele Anderson looks like a suave society lady from the 1950s; and Issy van Randwick like what used to be called a calculating little minx. All of which heightens the comedy; and turns the knife in the wound.

Come and stay if you're passing through London. Otherwise I'll see you at Christmas.

Much love from your wicked uncle,

Alastair

Garrick Theatre, WC1 until January 21

Theatre/Sarah Hemming Peter Pan

Tomfool Theatre's engaging, dynamic adaptation of *Peter Pan* (at BAC, Battersea) is a world away from the usual staging - there are no green tights, no glittery sets and no special effects. This is not the version to attend if you want to spot the flying wire. Instead, this young company relies on the force of the story and simple, but inventive staging to hold your attention.

Director Tom Smith has drawn on Barrie's novels and play to put together his own interpretation, but while the mood may be playful, the storytelling is largely direct.

This allows many of the unsettling themes at large in the story to emerge clearly without being forced home.

The action takes place on an empty set with one piece of furniture: a high hospital bed that features both in the Darling household and Never-Nev-

er-Land. When the Darling children fly away with Peter, they simply jump on to the moving bed. This is a neat device, since most children, at some time or other, have jumped off their beds, eyes closed tightly, hoping to fly - and the production is liberally sprinkled with such moments to reinforce the idea that the real world and the land of fantasy are closely intertwined.

Objects from the Darlings' nest Edwardian home reappear in Never-Nev-Land: the mattresses used by Mr Darling to keep time becomes the sound effect for the crocodile with the ingested clock, who pursues Captain Hook. The actors who play Mr and Mrs Darling

appear in different guises in the fantasy world, as characters in dreams do, and this underlines the way ideas about abandonment and fear of adolescence echo through the story.

The Darling parents are a sweet, earnest couple, scarcely grown up themselves. Though Mr Darling has a moustache and says stern things, he is clearly far less worldly than Peter, played by Max Macaulay as a streetwise urchin in a tail coat. When Peter and Tinkerbell arrive in the children's bedroom, instead of sprinkling fairy dust over the little Darlings, they tap a little ash from the end of Tinker's cigarette - a nice touch that suggests how Peter sums up all

Mrs Darling's protective fears about losing her children to the wrong sort.

The production incorporates a nod to the pantomime tradition with one moment of audience participation, several hat tricks and a fair amount of tomfoolery. It loses impetus in the second half, becoming more muddled, and is much less successful in dealing with the darkest aspects of the story. Jake Nightingale's Captain Hook avoids being the pantomime baddie, but he also avoids being sinister at all, and by the time we reach the walking-the-plank passage on Hook's ship, the production has lost its edge. But overall this is an absorbing thoughtful reworking that encourages you to ruminate on the interesting psychological terrain explored by Barrie.

Battersea Arts Centre until January 15 (071 223 2223)

INTERNATIONAL ARTS GUIDE

AMSTERDAM

CONCERTS
Het Concertgebouw Tel: (020) 671 3345
● Nikolaus Harnoncourt: conducted by the Royal Concertgebouw Orchestra plays Schumann and Bruckner at 8.15 pm; Dec 9
● Sir Georg Solti: with the Royal Concertgebouw Orchestra and pianist Evgeny Kissin conducts Beethoven and Bartók at 8.15 pm; Dec 14

BERLIN

CONCERTS
Berliner Philharmonie
● Berlin Philharmonic Orchestra: conducted by Claudio Abbado plays Monteverdi, Stockhausen and Tchaikovsky at 8 pm; Dec 9, 10, 14, 15, 18, 19
Konzert Haus Tel: (030) 309 21 02/ 21 03
● Berlin Choral Society: with the New Berlin Radio Orchestra plays Dessau and Bach at 8 pm; Dec 9
OPERA/BALLET
Deutsche Oper Tel: (030) 3 41 92 49

● Das Rheingold: by Wagner. Conductor Horst Stein, production by Götz Friedrich at 7.30 pm; Dec 9
● Siegfried: by Wagner. Conductor Horst Stein, production by Götz Friedrich at 5.30 pm; Dec 14
Staatsoper Unter den Linden Tel: (030) 2 00 4762
● Die Verurteilung des Lukullus: by Paul Dessau. Conductor Hirsch, production by Berghaus at 8 pm; Dec 15, 18 (8 pm)
● Die Zauberflöte: by Mozart. Conductor Daniel Barenboim, production by August Everding at 7 pm; Dec 14
● La Traviata: by Verdi. Conducted by Rizzì, production by Kirst. In Italian at 7 pm; Dec 11 (8 pm), 17

LONDON

CONCERTS
Barbican Hall Tel: (071) 638 8891
● The Dream of Gerontius: by Elgar. The London Symphony Orchestra with mezzo-soprano Anne Sofie von Otter conducted by Sir Colin Davis at 7.30 pm; Dec 11, 15
Festival Hall Tel: (071) 628 8800
● Beethoven Series: Philharmonia Orchestra conducted by Nikolaus Harnoncourt. Symphony No 8 and 9 (Pastoral) at 7.30 pm; Dec 10
● Choral Classic Series: Royal Philharmonic Orchestra with soloists Judith Howarth (soprano), Ruby Philogene (contralto), Ian Bostridge (tenor) and David Wilson-Johnson (bass) perform Handel's, "The Messiah" at 7.30 pm; Dec 9
● International Series: The London Philharmonic conducted by Bernard Haitink plays Berlioz (Overture, Benvenuto Cellini), Ravel (Mother Goose) and Vaughan Williams (Symphony No.5)

at 7.30 pm; Dec 15
● Philharmonia Orchestra: conducted by Charles Dutoit and with pianist Pascal Rogé plays Mozart and Mahler at 7.30 pm; Dec 13
● Royal Philharmonic Marinsky-Kirov Series: Royal Philharmonic Orchestra with conductor Valery Gergiev mezzo-soprano Larissa Dladkova and the Royal Choral Society perform Prokofiev and Rimsky-Korsakov at 7.30 pm; Dec 12
● The London Philharmonia: conducted by Bernard Haitink, with soloists Karita Mattila (soprano), Ann Murray (mezzo-soprano), Keith Lewis (tenor), Robert Lloyd (bass) and the London Philharmonic Chorus perform Beethoven Symphonies Nos. 1 and 9 (Choral) at 7.30 pm; Dec 11

GALLERIES

ICA Tel: (071) 930 3647
● The Institute of Cultural Anxiety: works of art and science by young British artists such as Angela Bulloch, Liam Gillick alongside works by more established artists such as Jeff Koons and Julian Opie; to Feb 12
Royal Academy Tel: (071) 438 7438
● The Glory of Venice: a major survey of Venetian art in the 18th century; to Dec 14

OPERA/BALLET

English National Opera Tel: (071) 632 8300
● Ariadne on Naxos: by Strauss. A Graham Vick production at 7.30 pm; Dec 14
● Figaro's Wedding: in house debut for conductor Derrick Inouye at 7 pm; Dec 10, 13, 15, 17

● Khovanshchina: new production of Mussorgsky's opera. Director Francesco Zambello at 8.30 pm; Dec 9, 12, 18
Royal Opera House Tel: 071 240 1200
● Ashton Remembered: celebration of the Royal Ballet founder choreographer Frederick Ashton. Includes pieces by Mendelssohn, Offenbach, Massenet and Walton at 7.30 pm; Dec 9, 15, 17 (2 pm)
● La Traviata: by Verdi. A new production by Richard Eyre. Georg Solti conducts for the first five performances, then Philippe Auguin. In Italian with English surtitles at 7.30 pm; Dec 13, 16, 19
● Mixed Programme by the Royal Ballet Company: includes Fearful Symmetries choreographed by Ashley Page, and Symphony in G by Bizet, choreographed by George Balanchine at 7.30 pm; Dec 10 (2 pm), 14
● The Sleeping Beauty: a new production of Tchaikovsky's ballet. Produced by Anthony Dowell, set designed by Maria Bjornson at 7.30 pm; Dec 12

THEATRE
National, Lyttelton Tel: (071) 928 2252
● The Children's Hour: by Lillian Hellman, directed by Howard Davies at 7.30 pm; Dec 15, 16, 17 (2.15 pm), 19

NEW YORK

OPERA/BALLET
Metropolitan Tel: (212) 362 6000
● Don Giovanni: by Mozart, sung in Italian at 8 pm; Dec 10, 16
● Lady Macbeth of Mtsensk by

Shostakovich at 8 pm; Dec 10 (1.30 pm)
● Madame Butterfly: by Puccini at 8 pm; Dec 14, 17
● Peter Grimes: by Britten. English at 8 pm; Dec 12, 15, 19
● Rigoletto: by Verdi at 8 pm; Dec 9, 13, 17

THEATRE
Joseph Papp Public Theatre Tel: (212) 598 7150
● Symbiotic: directed by Sam Shepard. Set in the world of thoroughbred horse racing, with Beverly D'Angelo, Marcia Gay Harden and Ed Harris at 8 pm; to Dec 11 (Not Mon)

PARIS

CONCERTS
Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24
● French National Orchestra: Jeffrey Tate conducts Beethoven Symphonies Nos. 2 and 3 at 8 pm; Dec 15, 17

GALLERIES
Louvre Tel: (1) 42 60 39 26
● British Art in French Public Collections: paintings by Gainsborough, Reynolds, Constable, Lawrence and Turner. Closed Tue; to Dec 19

OPERA/BALLET
Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24
● Kitege: by Rimsky-Korsakov. Director Valery Gergiev at 7.30 pm; Dec 10, 11
● Sadko: by Rimsky-Korsakov. Musical director Valery Gergiev at 7.30 pm; Dec 9
Opéra National de Paris, Bastille

Tel: (1) 47 42 57 50
● Le Lac des Cygnes: by Tchaikovsky. Choreographed and produced by Rudolf Nureyev. Conducted by Vello Pihl/Ermanno Florio at 7.30 pm; from Dec 9 to Dec 31 (Not Sun)

TURIN

OPERA/BALLET
Teatro Regio Tel: 011 8615 241
● Lo Schiacciatto: ballet in three parts by Tchaikovsky. Performed by the Kirov company, St Petersburg. Sun mat only at 8 pm; from Dec 10 to Dec 18 (Not Mon)

WASHINGTON

CONCERTS
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● An Evening of Opera and Chamber Music: Selections from a new opera and chamber music by Soong Fu Yuan. With soprano Yan Yan Wang, tenor Robert Brubaker, bass Don Yule, the Camerata Quartet and conductor Fy Soong at 7.30 pm; Dec 11
● National Symphony Orchestra: perform Handel's Messiah. With conductor Peter Bay, soprano Janice Chandler and mezzo-soprano Stephanie Blythe at 8.30 pm; Dec 16, 17, 18, 19

OPERA/BALLET
Kennedy Centre Tel: (202) 467 4600
● The Nutcracker: music by Tchaikovsky. Presented by the Joffrey Ballet, choreographed by Robert Joffrey. No show Dec 12th, mats at 2pm otherwise at 8 pm; to Dec 17

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When Mr John Major, the UK's prime minister, addresses the international investment conference in Northern Ireland next Wednesday, it will almost certainly have crossed his mind that Britain could reap considerable dividends from peace in the province.

The peace prize

Britain would gain from investment in N Ireland, says Stewart Dalby

The UK exchequer currently subsidises Northern Ireland to the tune of £2.5bn annually. This is the net subvention after taxes and other receipts, and excludes the direct costs of the British army presence, which could add a further £500m to the bill. In total, the province is costing UK taxpayers the equivalent of about 2p on income tax.

Government spending per head of Northern Ireland's 1.6m population is around 50 per cent higher than for the UK as a whole. Security does not account for all of this difference. Public spending per head is also higher in industry, agriculture, health and education. Subsidies to these areas, with spending on security deducted, accounts for approximately 20 per cent of the province's gross domestic product of nearly £12bn.

The evidence of such large subsidies is manifest. The modern port at Larne is considered more efficient than Dublin's, and handles much of the Republic's exports. Some of the new housing estates in inner-city areas are among the best in the UK. The transport system is heavily subsidised, and the capacity of the province's road network far exceeds traffic needs.

The province also receives money from the European Union, under the Objective 1 programme, targeted at areas on Europe's fringes with per capita income of less than 75 per cent of the EU average. The province is due to receive £1bn between 1994 and 1999, from the EU's structural funds under this programme.

Objective 1 funds paid for a recent expansion of Belfast International Airport, which is now handling 2.3m passengers a year on direct flights to 11 destinations. They also funded the installation of electricity on Rathlin Island, the only inhabited island in the province.

The moves towards peace are generating further aid commitments. EU leaders are expected to agree new aid to bolster the peace plan at today's Essen summit. These peace grants could total £600m (£233m) between 1995 and 1999.

Mr John Hume, leader of

the Social Democratic and Labour party has been a tireless and successful fund raiser for Northern Ireland and was instrumental in setting up the multinational International Fund for Ireland, which promotes cross-border co-operation with the Republic of Ireland. This fund has drawn contributions from the US as well as the EU and now stands at £150m.

Sir George Quigley, for many years permanent secretary at the finance department of the Northern Ireland Office and now chairman of Ulster Bank, defends the level of spending.

In education, extra spending is needed to fund three different kinds of schools

claiming that in Northern Ireland special factors are at work. "Given the unique situation here with sectarian divisions, and employment problems it has been necessary to spend money to achieve a degree of stabilisation. It is important to try and mop up unemployment."

In education, for example, extra spending is needed to fund three different kinds of schools: church schools, predominantly Protestant state schools, and non-sectarian state schools, he says. He also points out, as do many others, that Northern Ireland has the best A-level results in the UK.

However, Sir George con-

cedes that Northern Ireland has become a largely public sector economy - described by many commentators as a dependency culture. Forty per cent of those in work are employed by the public sector, double the UK average.

In particular, the security industries have been an important provider of jobs, especially for protestants, with 12,000 full and part-time members of the Royal Ulster Constabulary. There are also 6,300 full and part-time members of the locally recruited Royal Irish Regiment. Jobs in the police mean income and mortgages and money pumped into local economies.

And Northern Ireland has an extremely high level of unemployment. Its traditional industries such as shipbuilding, engineering and textiles have been in long term decline, with manufacturing accounting for 18 per cent of employment.

The violence created difficulties in attracting outside investment and inward investment has been drawn only through the liberal use of grants. This year the Industrial Development Board for Northern Ireland will spend £148m in attracting new investment, in one of the most expensive job creation schemes in the UK.

However, the alternative, of unemployment, has also placed a heavy burden on government spending. At 12.7 per cent, the jobless total in Northern Ireland is the highest average in the UK. This reflects a higher proportion of women included in the labour force than in the rest of the UK. But it has also been exacerbated by the high level of live births, which is the greatest in western Europe - higher even than the Republic of Ireland. This has generated a constant stream of young entrants to the labour market, even after allowing for emigration.

Against this background, Sir George estimates that a lasting peace could mean a loss of 20,000 jobs, which would be a considerable addition to the 100,000 already out of work.

In the longer term, jobs are likely to be created in a revived tourism industry and from closer integration with the Republic, this will not compensate for the jobs lost unless there is considerable inward investment.

Even with peace, Mr Major cannot expect to cut the bill in the foreseeable future. But ultimately it will mean a reduction of the public sector's role. Hence the great emphasis on attracting investment for permanent jobs.

Frankfurt has not always had the most inspiring of images, either as a place to live or as a centre for financial activity. Several years ago, foreign bankers posted there often saw it as something less than an enhancement of their career prospects.

But while some still complain about the lack of lively wine bars in which to unwind after hours, Frankfurt's appeal as a financial centre is improving.

Foreign banks are stepping up their activities, the big German banks have learned new tricks in global equities and the complex financial instruments called derivatives, and the authorities have introduced changes in the markets to make them more attractive to foreign investors.

While these improvements will not put Frankfurt right up in the ranks of global centres such as London, they will reinforce its role as continental Europe's leading regional financial centre.

These plans will be put to the test when one of the biggest state sell-offs in the 1990s - the partial privatisation of Deutsche Telekom, the telecommunications concern - takes place. Success in selling the shares to big international institutions and retail investors at home and abroad will depend on how well the DM15bn issue, due in 1996, is managed and marketed.

Mr André Tesse, head of the German operation of Barclays de Zoete Wedd, the UK investment bank, is confident that the Deutsche Telekom issue will contribute to international awareness that Frankfurt is growing in importance as a financial centre.

If the Deutsche Telekom share sale is successful, it could encourage big institutional investors to take more interest in Germany. Only \$2.7bn of the net flow of \$68bn into foreign equities by US investors last year went into Germany, said Mr Andrew von Buddenbrock, head of investment banking at the German operation of Merrill Lynch, the US investment house.

Compared with the UK, the number of new issues on the German equity market has been small. Last month saw one of the largest such offerings, the DM530m sale of 25 per cent of Hannover Re, the world's fifth biggest reinsurance group; the over-subscribed issue was the seventh biggest in 10 years.

But there will have to be more if Frankfurt is to

Frankfurt brushes up its act

Germany's financial capital is improving its appeal as a regional centre, says Andrew Fisher

play the important regional financing role, serving west and east Europe, that many participants see as its main future.

Investment bankers look forward to such a development as German companies seek new funds to stay competitive in a fierce and fast-changing world business environment.

"I expect to see a lot of new entrants to the German stock market," says Mr Piers von Simon, head of European operations at S.G. Warburg, the UK investment bank. "There will be a lot more Mittelstand [medium-sized] companies coming; the new issue market will open up."

An acceleration in the sluggish pace of new listings would benefit Frankfurt, which dominates German trading in securities, futures and derivatives. Home of the Bundesbank, Germany's powerful central bank, the city's status was enhanced last month when the European Monetary Institute, forerunner of the planned European Central Bank, moved into its new premises.

The surprise decision last week by BASF, the German chemical group, to de-list its shares from the seven regional bourses and concentrate on Frankfurt is a further boost. Other companies are likely to follow, thus reinforcing the Frankfurt stock market, which accounts for three-quarters of share dealings. The others may eventually be confined to an advisory rather than a trading role (though local politicians will resist this).

Not everything is going Frankfurt's way, however. Its financial self-esteem was shaken by the recent decision of Deutsche Bank to put its international investment banking activities in London, home of Morgan Grenfell, its UK merchant banking subsidiary.

Most bankers accepted that Germany's biggest bank needed to be in London to develop a more credible presence in this highly competitive and innovative business. But Deutsche Bank's move high-

Frankfurt: raising its profile

Year	Number	Total value (£m)	Banking	Construction
1992	8	995	Water & Sewerage	368
1993	8	967	Health & Welfare	291
1994	10	1,020	Hanover Re	550

Volume of business on Frankfurt stock exchange

Year	1994 (million)	1993 (million)	1992 (million)	1991 (million)
1990	2,385	88	1,123	1,257
1991	2,430	75	905	1,525
1992	3,162	69	976	2,163
1993	4,373	71	1,413	3,063
1994*	5,201	74	1,415	3,756



lights the strengths and weaknesses of Frankfurt, located in Europe's most powerful economy.

"I remain very positive for Frankfurt as a financial centre and I think it is right to say it is the financial centre of the continent," said Mr Hilmar Kopper, the bank's chairman.

"It may, over time, be shaken by the strength of the D-Mark and the size of our economy, be in a position to extend its lead on the continent," he added. "But I still maintain that for many years to come, London will remain the more international marketplace."

This week's announcement by Dresdner Bank, Germany's second biggest bank, that it is to strengthen its investment banking activities in London reinforces that point.

It is in New York, Tokyo and London that the biggest concentrations of financial talent and banking strength lie. Located around each of these are smaller but thriving regional markets, and Frankfurt's aim is to be pre-eminent among those on the continent of Europe.

"The reason Frankfurt is so important is that it's in the most important economy in Europe," said Mr Tim von Halle, Merrill Lynch's capital markets director in Germany. But in spite of housing Europe's second busiest stock exchange outside London and its biggest bond market, it has not always capitalised enough on its location in generating investment business.

The government, market authorities and banks have

taken several steps to help Frankfurt meet the growing demands put on it.

New legislation has been passed to overhaul financial markets, evolved in an era when banks and companies were wedded to the cosy house bank style of corporate lending.

Insider trading is no longer outside the law; it has been illegal since August and next year, a new supervisory authority will start policing securities dealings.

More stringent share disclosure requirements are being introduced so holdings exceeding 5 per cent will have to be made known (the disclosure level is currently 25 per cent).

German companies wanting to raise new share capital can now do so without having to offer pre-emptive rights to existing holders.

On the trading and settlement side, Frankfurt has introduced advanced electronic systems and has a successful futures market, the Deutsche Terminbörse (DTB). "By German standards, they [the government and market authorities] are doing a pretty good job," said Mr Christian Klein, treasurer at Landesbank Hessen-Thüringen (Helaba), the Frankfurt-based regional bank. "The insider trading law is really tough."

But there is still further to go, according to bankers. Action is needed to protect minority rights in takeovers; there is no takeover code or set of rules to guarantee fair treatment for all classes of shareholders.

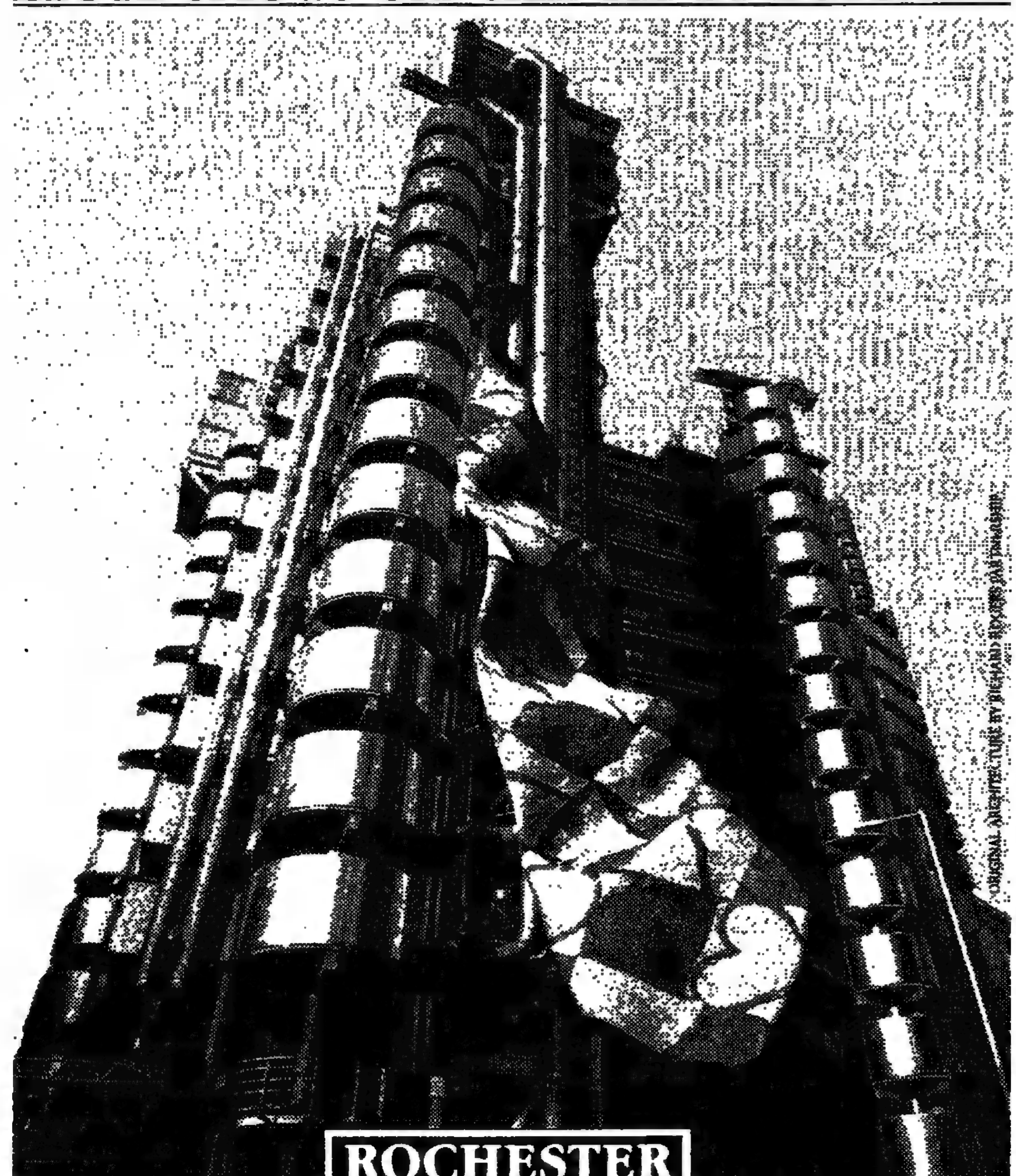
Nor are there enough quoted companies to satisfy many big investors; and liquidity in many stocks is restricted by the existence of large stakes by banks and institutions.

German companies also need to make their accounts clearer and more transparent, said Mr Buddenbrock. "From a corporate perspective, a major decision has to be made to open up information more to international investors."

The prospect of the Deutsche Telekom share sale alone will not right these deficiencies. For Frankfurt's growing status, says Mr Tesse, the sale "will be a confirmation rather than a big push."

The government is keen for the issue to attract private investors to the idea of share buying and will put strong pressure on the banks to see that this happens. The next year will show whether Frankfurt proves up to the job.

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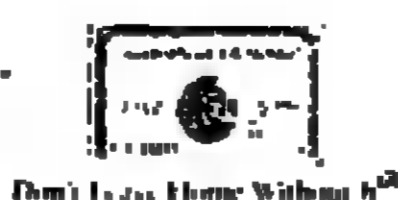
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Don't Just Buy - Buy Right

Prey to the Hong Kong mini-trap

From Mr P.B. Harris.
Sir, In the article "1000 days of uncertainty" (December 2-4), Simon Holberton and Peter Montagnon state: "The transfer of sovereignty is full of seemingly innocuous details that turn out to be traps for the unwary." Indeed so, for they describe the Basic Law as a "mini-constitution for post-1997 Hong Kong".

While you can have mini-skirts, mini-buses and mini-cars, you cannot have mini-constitutions because sovereignty cannot be parcelled out in mini-constitutions. Sovereignty is, or is not. Failure to understand this implies a failure to understand anything about the Hong Kong conundrum.

P.B. Harris, emeritus professor of political science, University of Hong Kong

Airline puff

From Andrew Smith.
Sir, Your survey of business travel ("When smoke gets in passengers' eyes", December 5) contained a small error concerning smoking on aircraft. While in the Middle East recently, I was pleasantly surprised to find that Gulf Air has a no-smoking policy on all intra-city flights - a great relief after earlier trips in the region where, as you say, some airlines have smoking on the right, no-smoking on the left.

Andrew Smith, 11a Brompton Road, London SW6 6AJ

A bit offside on set-aside

From Robert Sturdy MEP.

Sir, Alison Maitland's article "Farm leaders attack set-aside" (November 29) on the National Farmers' Union concerns about the European Parliament's delay in agreeing to a reduction in set-aside was spot on. As a farmer, I heartily agree with Sir David Nash's fury at "verbal sparring" by politicians at the expense of farmers, and their urgent need to get on with winter drilling.

But not all politicians are the same. As a Conservative agricultural spokesman, I made precisely this practical point during the November sessions of the European Parliament in Strasbourg. For a farmer, set-aside is a waste of valuable resources. Any reduction, however small, is a step in the right direction.

And the Conservatives and their Christian Democratic allies - alas, no longer a major-

ity in Strasbourg - were consistent in urging swift approval of this measure. Those who held things up were the Socialists and Greens, 25 of whom walked out of the debate in Strasbourg last month to ensure there was no quorum.

Fortunately the issue came before the parliament again last week, and this time we overcame plans - from the same people - to delay it further. When the vote was taken, we got the measure through.

Labour says it objects to the Common Agricultural Policy. But presented with a golden opportunity to do something about one of its worst elements, we saw it instantly bend with the wind, or possibly some passing hot air. My political colleagues on the left ought to take a peek outside.

Robert Sturdy, MEP for Cambridgeshire, Cambridge CB3 7QJ

Democracy wins in VAT vote uproar

From William Bakewell.

Sir, Why all the uproar surrounding the defeat of the UK government's plans to increase value added tax on domestic fuel? Surely this is how proper democracy should work?

A measure which is clearly unpopular with the majority of the electorate, and is now not necessary because of the improved borrowing requirement, should not be allowed to proceed.

MPs should not be forced to vote against their beliefs and constituents' wishes for narrow party interests.

Were parliament more representative of the electorate, bad and unwanted measures would be put forward less frequently. The various political parties, whose policies seem increasingly similar, would be obliged to work together, and we might get away from the appalling confrontational system which serves us so badly and continues to exacerbate the divisions in our society.

Unfortunately, while we the electorate are so apathetic on these matters and mainly inherit the way we vote - against rather than for anything - we are stuck with the stale dead-end status quo, whichever of the two main parties is in power.

William Bakewell, financial director, Yancha, Mitsui Machinery Sales (UK), Sapin Drive, Brooklands, Weybridge, Surrey KT13 0UZ

Strong competition for council cleaning

From Mr John Roberts.

Sir, Your one-sided article, "Council cleaning overspend revealed" (December 6), shows that Dr Stefan Szymanski has once again chosen to produce a report using dubious methodology to attack the public sector.

His claim that in a significant number of local authorities "competitive tendering is little more than a fiction" does not stand up to closer scrutiny. According to comprehensive data collected by the Local Government Management Board, building cleaning is the most competitive of the ser-

vices subjected to CCT.

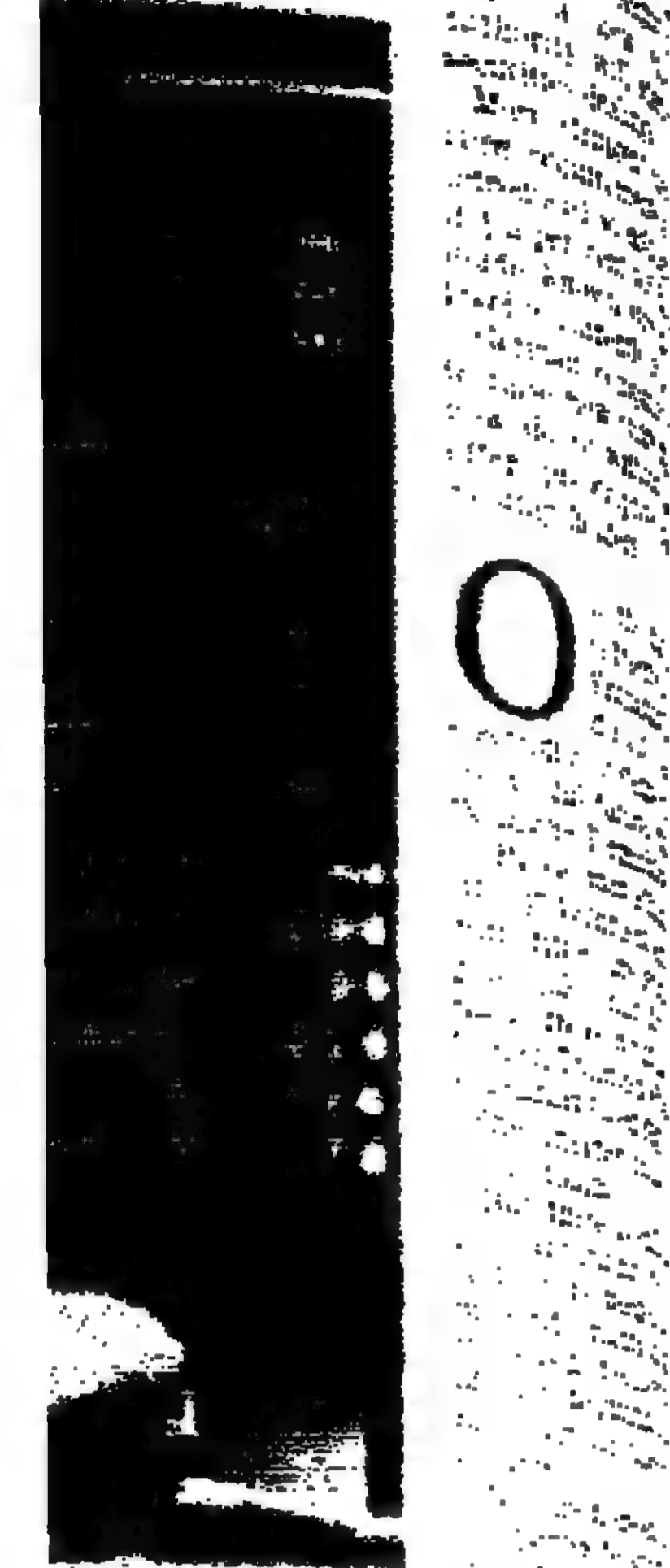
Here, the private sector has managed to win almost 57 per cent of contracts let to date. This compares very favourably with the other defined activities, where private sector penetration is, on average, just 38 per cent. In addition, the LGMB data reveal that only 15 per cent of current tender awards have been retained in-house with no outside competition.

What Szymanski's report does reveal most clearly, however, is the shocking level of wages paid to workers by some

private firms. Wage costs in the building cleaning industry account for 80-90 per cent of total costs. It is hardly surprising, therefore, that firms paying subsistence-level wages to workers drawn largely from the most vulnerable sections of society, many operating in the black economy, are able to undercut more realistic wage rates offered by councils' direct service organisations.

John Roberts, director, Association of Direct Labour Organisations, Manchester M1 5WG

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Friday December 9 1994

Clarke fills his VAT hole

Parliament sank VAT on domestic fuel on Tuesday evening. Yesterday, Mr Kenneth Clarke responded, in a sensible fashion. The idea of VAT on fuel is not in itself objectionable. A uniform VAT would distort consumer choices less than the VAT the UK has, combined with suitable tax and benefit offsets for those on low incomes, a uniform VAT could also be more progressive than the taxes the UK has. What was wrong with the proposal was the inadequate compensation to lower-income households, other than pensioners.

The measure was thrown out for other reasons as well. Among them was the perception that taxes were being raised this year, to be lowered next. Such a switch may be politically acceptable if the unpopularity of the increases is less than the popularity of the subsequent reductions. In the case of VAT on fuel, that was hardly the case.

The chancellor could have forgotten about the lost revenue, on

the grounds that it was marginal. But total revenue is raised from a series of individually marginal taxes. Once made, a budget judgment needs to be adhered to, unless economic circumstances have altered dramatically. More important, the Commons has to appreciate the basic disciplines of budget-making. Once a budget has been devised, any loss of revenue entails additional revenue or additional expenditure cuts.

As the Institute for Fiscal Studies noted, yesterday's changes are progressive. Because the replacements are also taxes on sin (in which category driving is now included), there should be little political opposition.

What are the lessons of this experience? One is to avoid multi-year budgets, since taxes may not look as urgent when they are introduced as when they are announced. Another is to eschew particularly unpopular taxes if you have a small majority. They seem painfully obvious now. They have certainly been painful.

A new Japan

Japan has changed a good deal in the year since the Organisation for Economic Co-operation and Development's last assessment of the country's economic prospects. The economy has finally begun to emerge out of recession. And the political turmoil of recent years - though far from over - has given birth to a clear challenge to the one-party rule of old.

The Japanese electorate will tomorrow gain a credible alternative to the ruling Liberal Democratic party, with the inauguration of the New Frontier Party, to be led by Mr Toshiki Kifu. A few days later, the country will also gain a new central bank president, Mr Yasuo Matsuhashita, who takes over from Mr Yasuhiro Mieno on December 16th. The OECD survey, published yesterday, gives reasons for both new arrivals to be optimistic about the future, but little cause for complacency.

The report confirms that the economy entered a "phase of gradual recovery in the second half of this year". The organisation now predicts real GDP growth of 1 per cent in 1994, a little more than its forecast in June. GDP growth is expected to pick up further in 1995, to 2.5 per cent, though this will depend heavily on the strength of the yen and Mr Matsuhashita's approach to his new job.

His predecessor's overriding objective was to foster economic growth without the barest hint of inflation. Consumer price inflation has indeed fallen steadily since the middle of 1993. The domestic deflator for GDP - a less distorted measure of domestic prices - fell in the third quarter of this year, for the first time in seven years. Most believe that official measures, however, Japan's new, and not so new, leaders ought to convince themselves that it is a welcome task - and press on with it.

Warburg's choice

S.G. Warburg has always looked the UK merchant bank most likely to succeed in the fiercely competitive global investment banking business. Its decision to accept the status of junior partner in a proposed merger with US investment house Morgan Stanley will thus be seen as a blow to the prestige of the British-owned merchant banking fraternity. Yet it is hard to see how Warburg could win a lasting place at the top if it continued to go it alone. For while it has long been the most internationally-minded of merchant banks, it has signally failed, over decades, to make convincing inroads into the world's tougher markets, most notably the US.

That is not to deny the achievements of Warburg's management. The successful completion of the merger of the separate broking, jobbing and merchant banking businesses of Rowe & Pitman, Mullens, Akroyd & Smithers and S.G. Warburg at the time of the Big Bang was a remarkable achievement. Equally striking has been Warburg's strength in the rapidly growing cross-border financial business and in a wide range of domestic activities. Yet the figures fail to impress if measured by the highest standards.

The net income of Warburg's potential partner, Morgan Stanley, grew around seven-fold from before the firm's flotation in the mid-1980s to \$731m last year. Over the same period its capital rose more than fourteen-fold from \$314m to \$4.5bn. In dollar terms, Warburg's post-tax profits rose from \$68m to \$290m between 1986 and the end of 1993, while its capital increased only four and a half times from \$508m to \$2.3bn. Morgan has lost some of its edge since the early 1980s and has suffered defections. But in a global game where a capital of \$5bn is probably

the minimum entry fee, it was still in with a chance.

While the figures are not wholly comparable, Warburg has clearly found the going tougher. Yet its preferred solution should not be regarded as the answer to the City's international competitiveness. The readiness of Deutsche Bank and others to locate much of their capital market activity in London reflects the very opposite of the branch plant syndrome. Within the European time zone, London still has most to offer and has seen substantial jobs growth since Big Bang, much of it in foreign firms. Part of London's strength has precisely been its openness to foreigners, as the names of British merchant banks so eloquently attest.

It is nonetheless worth asking why one of the best managed British banks has failed to make it to the very top. Wall Street firms enjoy an undeniable advantage in the size of their domestic corporate sector. Yet Morgan Stanley had less capital than Warburg in the mid-1980s and has outgrown it by a huge margin. Warburg, meantime, failed to pull off a merger with Kuhn Loeb in the 1970s or to make a success of the joint acquisition with Paribas of US commercial paper firm A.G. Becker later in the 1970s.

It takes four days to drive 1,500km from Delhi to Bombay, three months to get electricity connected in Madras, and up to five years to obtain a telephone line in Calcutta.

Such poor infrastructure is acting as a drag on the Indian economy, and threatens to undermine the market-oriented reforms launched three years ago by Mr P.V. Narasimha Rao, Indian prime minister.

Out of necessity, rather than ideological conviction, Mr Rao has been forced to open telecommunications, power and basic services to private investors, in an effort to raise the billions of dollars needed to build the backbone of a modern economy. In electricity, government planners estimated in the early 1990s that the country would need to expand its generating capacity of 70,000MW by 43,000MW in 1992-97 to meet forecast increases in demand. In fact, less than 20,000MW will be built, because of the squeeze in public spending. Simply making up the shortfall would require about \$28bn of private investment.

As for telecommunications, India has one of the world's least developed networks, with just eight telephones per thousand people compared with 14 in China and 130 in Malaysia. The government estimates that clearing the existing backlog will require \$1.8bn. A series of private investments - on top of \$230bn earmarked from public funds for 1992-97, the period of the current five-year plan.

And in transport, the ministry has listed construction schemes worth \$6m, including motorways, roads and bridges for private companies to build, own and operate by charging tolls. Officials are also seeking investment in shipping and ports, including a \$500m scheme for a new terminal at Bombay.

With only China and Indonesia offering opportunities on this scale, companies have flocked to India. The power ministry boasts of proposals from more than 100 consortia, including international companies such as General Electric and Bechtel. The US National Bureau of the UK and ABB, the European consortia. No fewer than 84 companies bid for contracts to provide telecoms paging services. And 42 companies have asked for detailed project information on roads.

As Mr Rajeev Talwar, a senior transport ministry official, says: "The amounts of money we need to invest are immense. But we have had an overwhelming response from private industry."

However, there have been few actual commitments. Investors are still unsure that India represents a good long-term bet, and there have been delays on the Indian side. Time and again, the government has raised expectations with sweeping policy announcements, but

Private investors are flocking in, as the government opens infrastructure projects to them, writes Stefan Wagstyl

The mending of India's backbone

India's infrastructure: powerless

Power	
Current capacity	75,700MW
Liberty capacity addition by March 1997	19,800MW
Current shortage (%)	10 (16 at peak)
Liberty shortage by March 1997 (%)	14.5 (over 20 at peak)
Short-term transmission losses (%)	21.5
Telecommunications	
Lines	8m
Target for March 1997	15.8m
Target for March 2000	20m
Telephones per 1,000 people	6
Target of lines per 1,000 people	60-70
Roads	
1991	1994
Highways	300,000
Paved roads	4m km
Major highways	20,955km
	34,058km

Sources: Ministry of power, telecommunications and surface transport

dragged its feet in deciding important details. Mostly, this is because few countries have any experience of private investment in infrastructure on such a large scale.

Mr John Mall, project director for National Power, which is developing a \$1.8bn power station scheme in the central state of Andhra Pradesh in partnership with the Hindustan, a London-based business family, says: "Nowhere in the world has a project of this size been done."

The delays have also been caused by the complexities of Indian decision-making. Both the ruling Congress (I) party and the bureaucracy have long been wedded to socialist traditions. Genuine converts to free-market capitalism are few, and decisions are taken cautiously.

Often officials have deliberately kept rules governing private sector investment vague, to maintain their discretionary powers - and opportunities for demanding bribes. As Mr Manmohan Singh, the

finance minister, recently said: "There are complaints that the opening up process is not transparent. I think there is merit in these complaints and we have to attend to improving the system."

In addition, power is shared in India by many institutions, both central and local, including the state administrations. The world's largest democracy dislikes government by fiat. Legal challenges are frequent for example, the award of licences for cellular telephone operators was delayed for more than 18 months by court action.

Nevertheless, progress is being made, notably in power, where the government is encouraging up to six fast-track schemes, which it hopes will be finalised next year. The framework for private power operations has been worked out in negotiations with the would-be investors, notably Enron, the US energy group, which is planning a 685MW plant in the western state of

Maharashtra in partnership with General Electric and Bechtel.

The investors' main concern was ensuring payment from the loss-making state electricity boards, which dominate power distribution and are politically controlled. The boards are required to supply low-cost or even free power to favoured customers such as farmers.

After negotiations, it was agreed that state administrations would guarantee the boards' payments, and Delhi would counter-guarantee the states, at least for the first few projects. This has been criticised in India for relieving investors of some of their commercial risk and allowing politicians to postpone the reform of electricity distribution. However, such guarantees should see construction begin on the first new private schemes late next year and, by 1998, India's first new private generating stations should be in place.

The 3,000MW of power that the

first private projects are set to produce will represent only a fraction of the extra electricity that India needs, however, with the state remaining the country's main source of power. Of crucial importance will be the efforts to increase and improve public capacity - possibly with the help of private companies, such as Rolls-Royce of the UK, which have offered to manage renovation schemes.

There has been less progress so far in telecommunications, where the government has run into a series of political, bureaucratic and legal tangles. For example, licences for operating cellular telephones in the four biggest cities of Bombay, Delhi, Calcutta and Madras were originally granted two years ago. But losing companies challenged the awards and it was not until this autumn that new licences were handed out. Even now, the companies are not free to launch services, with important operating conditions still to be settled.

The government announced in principle only in May this year that private operations were to be allowed in basic telephone services. Now officials are working out guidelines and plan to float tenders in January. But for foreign companies one important rule is in place - for both cellular and basic services the maximum level of foreign ownership is to be 49 per cent.

As pent-up demand is released, executives believe the investments could flow fast. At least 100,000 mobile phones, and up to 300,000 or 400,000 according to some estimates, could be sold in the first year of operation. The total investment in two years could reach \$300m-\$500m. In basic services, it could be \$100m in five years, say industry executives. An official of Alcatel, the telecommunications equipment maker, says: "We believe India is the next China. The growth rate in telecoms will be the same."

Private investment in roads is a more remote prospect. India has attracted some extravagant proposals, including one from Renong, Malaysia's biggest group, to build 12,000km of motorway for \$25bn. But there are serious doubts about whether toll roads can be successfully run, given the widespread reluctance in India to pay commercial rates for public services.

Nevertheless, building companies, like their counterparts in power and telecommunications, are swarming into India. As Mr Amit Sharma, director for central and south Asia at Motorola, the US electronics group, says: "Everybody wants to be in Asia, especially China and India. Today they want to be in India even more than in China. But lots of patience is required."

Jobs for life still available to many

It is a widely held belief that "lifetime jobs" have become a thing of the past. This view informs debates on a wide range of topics including the future of the welfare state, employment policy and training.

Presenting the report of Labour's Social Justice Commission, Sir Gordon Borrie, the commission's chairman, wrote: "Governments have failed to keep pace with revolutionary changes that have transformed the nature of work and society. There has been an economic revolution in skills and competition. It... killed the notion of a job for life."

Management expert Charles Handy also believes that "no longer can one expect to sell 100,000 hours of one's life to an organisation".

The general argument is that with greater international competition and the introduction of new technology, pressures on the labour market to adapt have meant jobs of shorter duration.

Our research has found little evidence of such changes. In an annual series of large, representative surveys, workers have been asked: "How long have you been with your present employer?" In 1975 the average for men was 10.4 years, and 6.3 for women. Nearly two decades later in 1992, the average for men was 9.5 years and again 6.3 for women.

Two points follow from these figures. First, they provide scant evidence that the pattern of a typical working life has changed fundamentally. For men, this is a decline of about 0.5 per cent over 18 years; for women there is essentially no change.

These small differences suggest that popular assumptions about a transformation in the nature of jobs are misleading.

Second, it is clear that, on average, people hold their jobs for a long time. These data relate to the length of time people have been in their present jobs so far. We can use estimates of the chance of them continuing in those jobs to calculate the average completed job tenure. In 1980, this is about 16 years for

men and 12 years for women. Such numbers suggest that most people can still expect a stable long-term job at some stage of their careers.

In fact, these averages summarise quite a complex pattern. The figures show a lot of people with short jobs and a lot of people with very long tenures.

This is particularly marked for men, with 29 per cent having com-

pleted tenures of less than five years, and 24 per cent with jobs lasting more than 30 years. If jobs lasting 20 years or more can be labelled "lifetime" jobs, the UK labour market in 1990 is still capable of offering such jobs to 45 per cent of all male workers.

It is also true, of course, that a substantial fraction of the workforce has jobs that last only a very short time. But this has been the case for at least the past 18 years, and there does not seem to be any substantial increase in the number of jobs of short duration.

Looking back over the past 18 years, there has been a gradual increase in job duration as the labour market worsened from 1979 to 1983, and a subsequent fall as times improved through to 1990. Job duration increased slightly between 1991 and 1992, as unemployment began to rise again.

There are two reasons that explain this cyclical pattern. First, fewer people are hired in a recession, so there are fewer people who have been working in their jobs for only a short time.

Second, those who are in work tend to remain in their jobs for longer. These two factors mean average job duration tends to rise in recessions.

For men, the fall in the average length of a job has been greater since 1984 than the rise in the years before. It may be that part of this fall is due to the sort of longer-term changes in labour markets that

have been discussed recently. But while there has been some change, the fall has not been substantial.

One explanation of the relative constancy of these averages might be that increases in the rate of job changes were cancelled or offset by changes in the proportion of young and old workers. But analysing the changes by age shows much the same pattern across age groups.

It may be that we are on the verge of a new world where jobs for most people do not last very long. However, there is little evidence of such change during the 1980s and early 1990s. The British labour market still offers "lifetime jobs" to a substantial fraction of its workforce.

Simon Burgess and Hedley Rees

The authors are in the Department of Economics at the University of Bristol; Simon Burgess is also a member of the Centre for Economic Performance

Saucy ganders

What do John Major, Douglas Hurd, and Sir Edward Heath have in common? Why, all are committed to putting Britain at the heart of Europe, of course. How curious, then, that not one of the four saw fit to support the government when the Commons voted to give the European Union finance bill a third reading in the early hours of yesterday morning.

And what happens to members of parliament who defy the government in confidence votes? Well, last time, the eight Conservatives who defied the whip over the bill's second reading were suspended from the parliamentary party.

Quizzed as to why the four bigwigs did not vote yesterday, Downing Street swiftly pointed to the size of the government's majority - an admittedly hefty 272.

But one of last week's rebels, Michael Cartliffe, MP for Great Yarmouth, was stripped of the whip after abstaining on a confidence vote the government won by 285 votes. Grounds for a choicely worded letter to the chief whip?

To the dogs

All right, so it is the wrong Morgan that is in "merger" talks with S.G. Warburg. While everyone

was squinting stage left in the direction of J.P. Morgan, enter stage right the boys from Morgan Stanley. The latter had even helpfully sent up a smoke signal last month by taking another \$20,000 square feet on the Isle of Dogs. Play no one thought to ask the Americans how they intended to fill the pristine new space.

So, while a large number of Warburgers were yesterday wondering whose graphology test they should now be sitting, the more securely seated looked yet more anxious - at the dreadful possibility of having to operate from Canary Wharf.

Morgan Stanley president John Mack may wish to listen to anyone who'll listen on the subject of his marvellous London premises - but he works in New York. At least the Corporation of London will be fighting the reluctant commuters' corner, though. Having probably lost BZW's dealing floor to Docklands, the Corporation will be mustered keen to keep Warburgs, or whatever it is called.

We presume

Well, what indeed should be the monitor attaching to this impending grand union? Image consultants get paid hundreds of thousands of dollars for this sort of thing, but here is Observer's first try, gratis.

The most obvious, Morgan Warburg, has to be ditched right

OBSERVER



'At least the champagne's still nice and chilled.'

away - too close to Deutsche Bank-owned Morgan Grenfell. Warburg would want a sharper distinction from its old rival - even if a degree of fellow feeling might be kindled between proud Brits forced to fall back on foreigners' superior resources.

Warburg Morgan or Warburg Morgan Stanley is a non-starter, seeing that the Americans will constitute two-thirds of the new company. Stanley Warburg, on the other hand, is worse - sounds like a long-lost relative of old Sir Sigmund's.

All of which suggests that the pair will wind up with the most obvious: Morgan Stanley Warburg.

A bit of a mouthful, but not so dreadful in a business which has suffered handsets such as Merrill Lynch Pierce Fenner & Smith.

Mini-barred

Whose were the long faces outside the manager's office of the Sheraton Hotel in Nigeria's capital, Abuja, yesterday? Following an order from high up the military regime, the hotel's management confronted 90 of the VIPs residing at the hotel courtesy of the government's coffers, double-locked their rooms and asked them to pay cash in advance or leave. They left.

The government is both the hotel's leading shareholder and by far its worst debtor. This year the state has run up a bill at the official exchange rate, by retaining for its use 95 rooms and suites at an average cost of \$50,000 a day. "The government departments footing the bill claim that most of these people were supposed to have left the hotel months ago," explains a civil servant. Anyway, who's counting, when the national debt runs to a tidy \$30bn?

Meanwhile, the departing guests should have seen it coming; in a broadcast last month, on the anniversary of his coming to power, General Sani Abacha warned that all Nigerians must make sacrifices because the economy was in such poor shape. Sani was rubbed into the wounds

of the poor souls forced out; a few close presidential advisers are being allowed to remain and enjoy their customary state-funded plushness. At least everyone now knows who is in and who is out - literally.

First and last

Whatever one thinks of the cogency of the arguments advanced by British Gas to support chief executive Cedric Brown's remuneration levels, the logic at work in the lower echelons of the utility is certainly less than perfect. Promoting a monthly direct debit system for settling the gas bill, the company writes to an FT reader proudly announcing that, "as a valued customer, we thought you should be among the first to know about an important new way to save money". Sadly, the impact, if any, was rather blunted by the accompanying sign-off: "Act now and join the other three million customers who already use this method..."

English disease

Buried in a commentary written by accountants Kingston Smith on this year's (first) Budget is a passage on new tax breaks for venture capitalists. Bit of a yawn? Kingston Smith obviously thinks so too, judging by the reference to a package designed to "re-energise the British Entrepreneur".

Verdict casts shadow over proposed EU links

Bonn expresses concern at jailing of Kurd MPs

By Bruce Clark and agencies

Eight Kurdish members of the Turkish parliament were sentenced yesterday to jail terms of up to 15 years, in a verdict that will intensify concerns in western Europe about Ankara's human rights record.

European Union MPs at the trial were angered after the verdicts were read. Regret at the sentences was immediately expressed in Bonn by German foreign minister Klaus Kinkel.

"The German government regrets that the court case ended in long jail terms. It assumes that the verdicts will be reviewed in the appeals process," Mr Kinkel said.

Charges of treason against the Kurdish MPs, which carry the death penalty, were dropped.

The defendants were accused of supporting the banned Kurd-

ish Workers' party (PKK), a Marxist group which is fighting for a separate state in south-eastern Turkey.

Five of the defendants - including Ms Leyla Zana who denounced the "political and legal absurdities" of her trial in the Washington Post this week - were given 15-year jail terms.

They were accused of acting on orders from Abdullah Ocalan, the PKK leader, of visiting his headquarters, and of urging people to support the PKK.

Another defendant was given a 7½-year term for urging support for the PKK and for praising its cause. Two more parliamentarians were given 3½ years each for spreading separatist propaganda.

Mr Yusuf Alatas, a spokesman for the defence lawyers, said the parliamentarians would appeal. "We no longer have trust in

Turkish justice," he said, adding: "This trial has not been a legal but a political case."

Diplomats said the verdict will cast a shadow over a meeting of EU ministers on December 19 at which a long-awaited Turkish-EU customs union will be discussed.

German parliament president Rita Süssmuth, a member of Chancellor Helmut Kohl's Christian Democrat party, said in Bonn that the decision would strain Ankara's ties with the European Union. "Today's tough sentences are, especially on the day before the EU summit in Essen, a highly questionable signal for future relations between Turkey and the European Union," she said.

In Germany yesterday, police conducted raids on 76 homes and offices which they said were aimed at cracking down on the PKK.

SEC chief warns on impact of California fund crisis

By Tony Jackson in New York and Graham Bowley in London

The financial crisis in Orange County, California, is "significant" for investors, Mr Arthur Levitt, chairman of the US Securities and Exchange Commission, said yesterday.

He also conceded that better disclosure might have brought it to light earlier. Fears that the county may be forced to liquidate its \$20bn fund portfolio have caused a sharp widening of credit spreads in the US domestic bond and eurodollar bond markets.

Orange County filed for bankruptcy on Tuesday evening after suffering a loss of \$1.5bn from bond market dealings. This has fuelled speculation that it will be forced to sell much of its \$7.5bn portfolio of bonds, resulting in a flood of bonds on to world markets and a fall in prices.

These fears sent the difference between yields on corporate and other bonds and those on US Treasury bonds appreciably wider.

The market was also unmoved by rumours that other funds may be concealing huge losses.

San Diego County, also in California, said it had paper losses of \$370m on a fund worth \$3.3bn, largely because of derivative holdings.

Mr Paul Boland, county treasurer, was quoted yesterday as dismissing comparisons with Orange County, saying his fund was not leveraged and had no liquidity problems.

Orange County's portfolio consists mainly of municipal and agency bonds - issued by bodies such as Fannie Mae, the Federal National Mortgage Association - and the spread on these bonds were his hedge.

The widening was initially more pronounced in the US domestic bond market but the nervousness extended to the eurobond market yesterday where spreads widened by about five to 10 basis points.

"There was a flight to quality and this put a great deal of pressure on spreads," said one bond trader in London.

Mr Levitt said the SEC had been monitoring Orange County before the financial crisis erupted last week, and was watching other unspecified investment pools across the country.

"I would hope the balanced, calm approach to Orange County on the part of all participants will continue," he said.

Orange County's board of supervisors said all 18,000 county workers and school employees would be paid wages due, despite the financial crisis. The board is to retain "one or more of the nation's top financial advisers" to help its investment advisory team.

Western German GDP spurt intensifies inflation fears

By Andrew Fisher in Frankfurt and Judy Dempsey in Bonn

Western German economic growth continued to accelerate in the third quarter, raising concern about renewed inflationary pressures next year and dampening speculation about a further cut in interest rates.

The rise of 1.5 per cent (adjusted) in gross domestic product over the second quarter was more than expected, with one cause being a surprise improvement in private consumption.

The increase over the 1993 third quarter was 2.4 per cent after annual rises of 2.3 per cent in the first quarter and 2.3 per cent in the second, the federal statistics office said.

Mr Stephen King, economist at James Capel, the UK stockbroker, said growth should easily exceed 3 per cent next year.

"The policy implications of this [GDP] release are clear," he

added. "There is no room for the Bundesbank to reduce interest rates further."

Instead, the central bank council, which left rates unchanged yesterday, should be looking seriously at higher rates in the first half of 1995.

Although some economists still favour one more cut in the discount and lombard rates (now at 4.5 per cent and 6 per cent respectively) before these move up again, support for anti-inflationary increases next year is hardening.

Reflecting the brighter economic picture, the jobless figures in western and eastern Germany showed distinct improvement last month.

For the first time since June 1991, the eastern total fell below 1m, cutting the jobless rate to 13 per cent from 13.3 per cent in October. The western rate was unchanged at 7.9 per cent.

To help underpin the economic

uptake by improving incomes of the less well-off, the government announced plans to simplify the tax system and to raise the tax-free minimum income level.

Mr Theo Weigel, finance minister, said income tax levels for the less well-off would be reduced in order to strengthen economic growth and stimulate purchasing power.

Tax-free income levels will rise from DM5,600 (\$3,550) a year to more than DM12,000 for a single person.

Tax levels above DM12,000 will also be reduced to simplify the fiscal system and to stimulate consumer spending.

These earnings DM13,000 will have their tax reduced by about 28 per cent of what they now pay; those earning DM20,000 will pay 26 per cent less; at DM50,000 they will pay 2.4 per cent less; and at DM123,364 1.8 per cent less.

The top rate will remain 53 per cent.

Mitsubishi

Continued from Page 1

that the *keiretsu* relationships, which extend across industries, have also acted as a strong deterrent to Japanese companies considering buying of foreign steel.

The steel industry, in particular, has always wielded strong influence within domestic business circles as the country's leading industry, making it doubly difficult for domestic steel users to break ranks.

Mitsubishi said that the main reason for its decision to buy Korean steel was the rise of the yen.

UK chancellor raises taxes

Continued from Page 1

the VAT defeat would now begin to heal. But the chancellor's colleagues were under no illusions that the increases in duties will be popular. With many Conservatives already under pressure from the brewing and off-licence industries over cheaper wine and beer imports from France, the rise in alcohol duties drew criticism from a number of Tory MPs.

There was also disquiet on the right of his party that Mr Clarke had confined cuts in public spending to the second and third years of the expenditure programme. Some cabinet members

were said to have made clear that they would have preferred deeper cuts in spending totals.

But the chancellor was bluntly dismissive of criticism from sections on the right of his party. He told journalists: "I don't think the entire right is out to get me. One or two, I wouldn't be surprised. I feel the same about them."

With Labour claiming that the latest measures add another £28 a year to the tax bills of the average family, ministers are expecting a crushing defeat in next week's by-election, a local vote caused by the death in October of a Conservative MP.

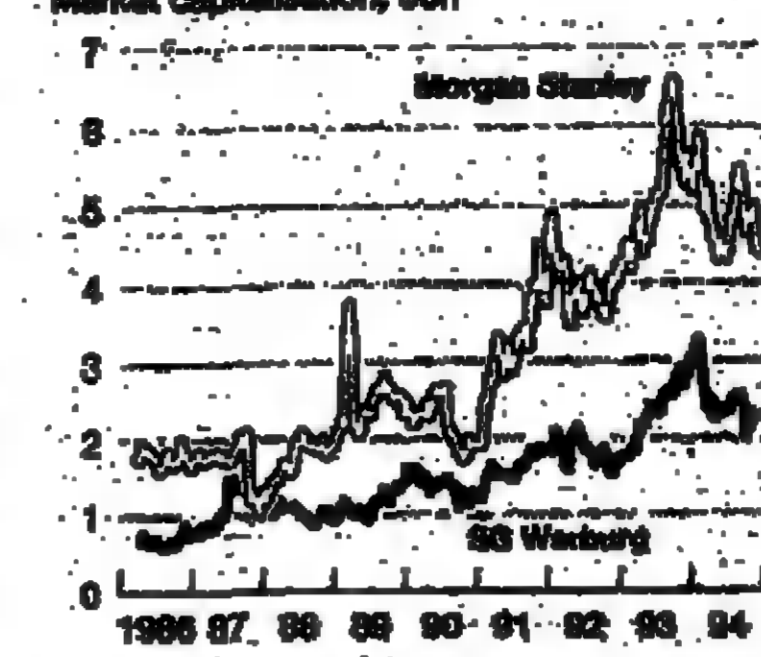
THE LEX COLUMN

Merger merchants

FT-SE Index: 3013.6 (+1.3)

Merchant bank merger

Market capitalisation, £bn



Source: Datastream

S.G. Warburg is selling control of itself to Morgan Stanley without receiving a control premium. That would be a cynic's verdict on yesterday's announcement of merger talks which, if successful, will leave the US investment bank's shareholders owning two-thirds of the combined entity. It may be an unfair verdict, but Warburg will have to convince its shareholders that a merger advances their interests more than would a straight cash sale.

At present, Warburg's holding statement merely talks about the "uniquely complementary" nature of the two businesses. One way of reading this is that Warburg has finally reached the conclusion that, in trying to create an integrated global investment bank from its own resources, it has bitten off more than it can chew. October's profit warning rammed this home. Warburg is not merely under-capitalised compared with its larger US rivals; despite great effort and expense, it is weak in the all-important US market. Merging with Morgan Stanley will fill that hole.

Morgan Stanley, which lost its competitive edge in the late 1980s, has strategic weaknesses too. Adding Warburg's expertise in the UK and some other markets will potentially enable it to achieve global reach faster and more effectively than building the business organically. So there is some theoretical logic in the tie-up.

Whether a merger will pay off, in practice, is less clear. On the positive side, the combined group may be able to generate more advisory, capital-raising and fund management business by leveraging off its enhanced international reach. There should also be plenty of scope to cut costs; expensive staff could be made redundant and capital tied up in duplicate operations could be released.

But successfully merging these people businesses will be hard. In hundreds of cases, it will be necessary to decide whether a Warburg or a Morgan Stanley employee is in charge of a particular operation and whether, indeed, one of the two must lose his/her job. There will also be upward pressure on Warburg salaries; though its staff are paid more than most British bankers, they are paid less than their US counterparts. While all this is happening, some of the best staff may walk. There is also a risk that the banks will be so involved with such internal matters they may take their eye off the ball of winning business.

Still, if the merger succeeds, it will be a powerful force in global invest-

ment banking. The likes of Goldman Sachs and Merrill Lynch would then face a tougher competitor, but there will be a silver lining. The number of banks operating on a global scale will have shrunk by one. The industry could even settle down into a stable oligopoly, with large profits for all.

But smaller UK merchant banks and brokers are likely to feel naked. Banks such as Schroders and Rothschild may come under pressure to team up with brokers like Cazenove and Smith New Court to create integrated houses. Meanwhile, integrated groups such as Kleinwort Benson may well conclude they too need US partners. Such restructuring may lead to the control of famous names slipping out of British hands. But if it enhances the City's position as a global financial centre, that may be a price worth paying.

Micro-budget

The chancellor's chosen method to compensate for the income lost through abandoning additional VAT on fuel was almost the least damaging available. The worst option would have been to take the money from contingency reserves; cutting next year's public expenditure was probably politically unviable, given the tightness of the spending negotiations; and increasing business taxes risked damaging the corporate sector's recovery.

Instead, raising duties on tobacco, alcohol and petrol has proved politically and economically seductive. The Conservative rebels for blocking VAT on fuel; economically, because the additional duty is inflation friendly; the duties will increase the retail price index by only 0.26 per cent compared with the 0.43 per cent the higher VAT on fuel would have produced.

The chancellor, however, did not select the best option economically. He could have raised the money without any inflationary impact if he had increased direct taxes, for example by not indexing allowances. This would have significantly boosted his chances of achieving the challenging target of keeping underlying inflation below 2.5 per cent during the second half of the parliament. Perhaps he is betting that brewers, tobacco groups and petrol companies will be forced by the acute competition in retailing to absorb the increases rather than pass them on to consumers.

Great Universal Stores

Like East Midlands Electricity, Great Universal Stores argues that a special dividend is the fairer way of repatriating surplus cash to shareholders - fairer, that is, than a Boots-style share buy-back. To some extent, this is true, as all GUS shareholders get the 30p-a-share dividend, whereas in practice the method by which Boots bought back its shares favoured institutional investors over private shareholders. But how fair the GUS move is depends on the investor's tax position. While those institutions which pay no tax will appreciate the dividend bonanza, private investors who are high rate tax-payers face a tax bill in addition to a paper loss on GUS shares. They fell yesterday by 35p, more than the 30p a share special pay-



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Like all the best Italian cars, the Fiat Punto is recognised as a work of art. Demand for it is so great that 26 different models are now being assembled in three separate plants - it's already Italy's biggest selling car. Bready, sole producer of brake and fuel lines for the Punto, is significantly easing production pressures by setting up a manufacturing plant actually within Fiat's new integrated facility at Melfi, Southern Italy. Bready's rapid response unit will help the automotive industry's youngest workforce achieve its highest productivity levels - a projected 1,200 vehicles per day - so keeping Fiat's little masterpiece on show at dealers all over Europe. Bready is one of TI Group's three specialised engineering businesses, the others being Dowty and Jokin Crane. Each one is a technological and market leader in its field. Together, their specialist skills enable TI Group to get the critical answers right for its customers. Worldwide.

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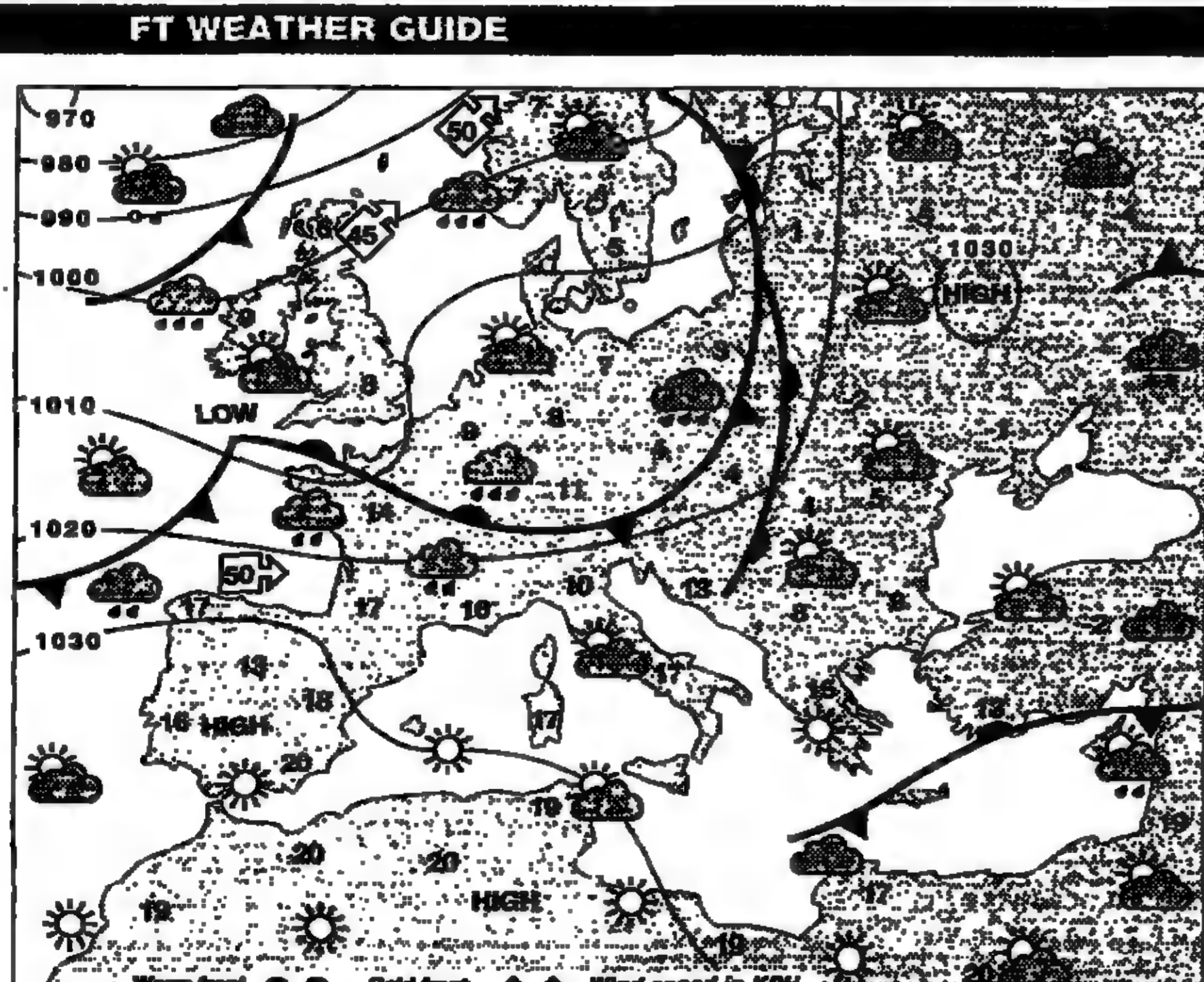
For further information about the TI Group, contact the Department of Public Affairs, TI Group plc, Lambourn Court, Abingdon, Oxon OX14 1UH, England.

Europe today

The depression responsible for stormy conditions over the North Sea and the north-western Benelux on Thursday will move north to the east of Iceland while strengthening slightly. As a result, a south-westerly flow will bring rain to coastal Norway and north-west Scotland. A band of rain associated with this low will linger over eastern Scandinavia, Poland, the former Czechoslovakia, southern Germany, the Alps, the southern Benelux and most of France. North of this rainy zone in the northern Benelux, northern Germany and southern Scandinavia will be mainly dry with cloud, interspersed with sunny spells. Southern and south-eastern Europe will have sun and cloud, while southern and eastern Spain as well as Greece will be sunny.

Five-day forecast

South-western Europe will remain calm while a deepening low produces cloud and a few showers in south-east Europe. North-west Europe will remain unsettled with sunny spells interrupted by rain. Northern Scandinavia and Russia will be wintry. The rest of Europe will remain rather warm.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum	Beijing	sun	7	Caracas	fair	29	Faro	sun	18	Madrid	sun	13	Rangoon	fair	29		
Minimum	Beijing	sun	8	Cardiff	cloudy	9	Frankfurt	sun	10	Malaysia	sun	19	Rayjevik	cloudy	1		
Abu Dhabi	sun	23	Belgrade	fair	8	Casablanca	sun	18	Geneva	rain	12	Mala	fair	18	Shanghai	28	
Aden	sun	20	Berlin	shower	8	Chicago	fair	2	Gibraltar	sun	19	Manchester	shower	8	Rome	fair	17
Algiers	sun	20	Buenos Aires	fair	25	Cologne	rain	11	Glasgow	rain	8	Miami	shower	28	Singapore	fair	17
Amsterdam	shower	8	Bogota	cloudy	21	Dakar	sun	27	Hamburg	sun	6	Melbourne	fair	21	Soul	fair	9
Athens	sun	16	Bombay	sun	32	Dallas	cloudy	10	Helsinki	rain	0	Mexico City	sun	22	Singapore	shower	31
Atlanta	fair	15	Brussels	rain	10	Delhi	hazy	24	Hong Kong	cloudy	25	Milan	fair	27	Stockholm	fair	5
B. Aires	cloudy	33	Bucharest	rain	4	Dubai	shower	9	Honolulu	cloudy	28	Osaka	shower	10	Strasbourg	rain	11
Bangkok	fair	32	Chennai	sun	19	Durban	shower	9	Islamabad	cloudy	27	Paris	cloudy	16	Taipei	fair	19
Bombay	fair	32	Cairo	sun	19	Dutrowick	rain	5	Jakarta	shower	31	Moscow	fair	5	Tanger	sun	19
Barcelona	fair	16	Cape Town	cloudy	21	Edinburgh	rain	6	Jerusalem	rain	12	Murich	rain	10	Tel Aviv	sun	18

Jobs: The need for paper qualifications is becoming less important in some areas of selection

Proving a point without formal certificates

How much should we insist on formal qualifications to do particular jobs? How much do they obscure objectivity in assessing people's ability to carry out work?

The Employment Service, a UK Civil Service agency which runs high street job centres, has gone some way towards answering these questions by dispensing with the need for paper qualifications such as GCSEs for most of its entrants. It happened about three years ago when the service, anxious to attract a broader range of job candidates, including more ethnic minorities, older applicants and women, returned, designed an application form that sought to identify people's particular job competencies.

We can define competencies - civil service psychologists call them widgets - as those skills, abilities or behavioural

traits that differentiate levels of performance in a job. Psychologists looked at the typical Employment Service roles and identified nine prime competencies most useful for doing the job. One of them, numeracy, in fact, was not identified as being so important, but the Treasury, which had a hand in sanctioning the exercise, insisted on that one.

The nine competencies included such qualities as getting on with people, oral communication skills, planning work with the right priorities, and managing change. "We found that educational qualifications weren't terribly good predictors of people's ability in these areas," said Roger Cross, a principal psychologist in the service who worked on the new entry requirements.

These were then incorporated into a new application form, notable principally for its omissions. Nowhere does it ask

for educational qualifications. Instead it poses questions, based on the identified competencies. For example, in a section designed to discover a candidate's ability to get on with people it says: "Executive officers have to be able to deal with people, relate to colleagues and the public, even in difficult circumstances. Please give an example of how you have had to deal with difficult or unco-operative people."

When confronted with the new application forms, candidates found them difficult at first, said Cross. "It was a cultural shock to people used to filling in forms based on qualifications and CVs to actually have to think about some of these things," he said.

The downturn in unemployment since the new system was introduced has meant that the service has had comparatively few new recruits in the past three years with which to

PERCENTAGE OF EXECUTIVES AT EACH PAY-LEVEL HAVING EACH OF THE FOLLOWING BENEFITS:										
Salary band (£ a year)	Full use of company car %	Average price of car £	Free fuel %	Help with house-buying %	At least 5 weeks holiday %	Enhanced pension %	Free medical insurance %	Share-acquisition schemes %	Save as you earn %	Profit sharing %
20,000-25,000	51.2	12,815	26.6	4.4	3.1	4.7	51.0	5.3	19.1	17.7
25,000-30,000	72.7	13,526	35.1	5.1	3.4	4.8	54.6	6.8	21.3	19.3
30,000-35,000	84.2	15,101	46.1	6.5	4.4	9.4	62.0	13.0	29.0	25.7
35,000-40,000	90.7	16,270	51.5	4.8	7.4	16.1	64.8	20.2	34.8	30.0
40,000-45,000	90.0	17,641	59.7	4.8	12.1	26.7	64.0	31.1	41.8	37.1
45,000-50,000	92.8	19,032	60.9	5.4	16.9	34.2	66.5	37.6	45.6	41.6
50,000-55,000	94.3	19,807	67.8	9.4	18.1	41.1	69.5	47.0	51.0	49.9
55,000-60,000	95.0	21,518	69.2	8.2	14.7	52.5	70.6	50.7	50.7	42.7
60,000-65,000	93.8	23,490	72.0	12.9	16.5	48.4	68.0	55.1	47.1	36.9
65,000-70,000	94.9	26,380	73.0	10.9	16.8	60.1	68.1	62.3	52.9	43.5
70,000-75,000	93.9	27,823	77.8	8.2	23.2	64.1	65.3	62.2	44.9	34.7
75,000-80,000	92.4	27,631	74.5	11.5	23.7	90.5	67.5	61.8	52.2	38.2
Over 120,000	95.0	30,674	75.0	7.5	15.8	92.5	66.0	77.5	67.5	33.7
All ranks 1994	79.2	-	46.5	5.9	8.2	19.5	61.1	22.9	32.5	17.8
All ranks 1990	77.9	-	-	5.7	12.4	19.1	77.7	21.6	28.1	14.5

form a clear picture of its effect on adverse impact.

While switching from qualifications to competencies may have reduced the adverse impact of other types of entrance requirement on certain groups, it is not thought to have led to a significant increase in ethnic minority recruitment. That may in part be because the service has not

got the message through to potential candidates, but another problem is likely to be in the identified competencies which expect candidates to demonstrate good verbal and communications skills.

The Employment Service itself now uses competency-based recruitment in all of its high volume recruitment covering junior management and administrative grades, and

quite common in the Civil Service although most departments would take a more traditional approach to the possession of educational qualifications.

An addendum to the points on qualifications, I was told the other day about a City investment bank which was recruiting new traders. On the section of the application form seeking information about

some private employers are starting to use them in recruitment, usually, however, alongside requirements for paper qualifications.

The complete report, which includes data on salaries and bonuses, costs £400 and can be obtained from Karen Gallagher at the consultancy's address, Park House, Wick Road, Egham, Surrey TW20 0HW, telephone 0784 434411, fax 0784 476389.

Richard Donkin

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APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Andrew Skarzynski on
+44 71 873 4054

Philip Wright on
+44 71 873 3351

Joanne Gerrard on
071 873 4153

Major International Asset Manager

Head of Administration

London

circa £90,000

Our client is one of the largest and most international Fund Management groups. The principal office for Administration of Cross-Border products is London. However, they have Fund Management units in all the major financial centres.

In order to cater for the further expansion of the business, an administrative re-organisation has occurred resulting in the need to appoint a London Administrative Head. The person joining will report to the Worldwide Head of Operations, who will increasingly concentrate on the International aspects.

This is a senior role. Over fifty people, including those involved in Asset Management Administration, Third Party Asset Management Administration and London technology will report to the jobholder through three Senior Managers. Our client sees this as an excellent career opportunity with

further prospects within this diverse International Group.

The person our client seeks will have worked in International Investment Operations and/or Global Custody for a minimum of ten years. He/she will possibly be a graduate and may well have a professional qualification. A complete and sophisticated knowledge of systems and investment administration processes is required. The person appointed will enjoy working as part of a large and highly international organisation which is dedicated to excellence.

In addition to a generous salary, the job holder will be eligible for an annual bonus and various other benefits.

Please write in the first instance to Colin Barry, the company's advisor in this matter, at Overton, Shirley & Barry Ltd, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 0171 248 0355. Fax: 0171 489 1102.

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CORPORATE LAWYER

Glasgow / financial services

Part of one of the major financial institutions in the UK, our client is operating at the forefront of bancassurance developments. Change is constant in the business with the arrival of a new Chief Executive, the PIA, European Directives, market opportunities as well as challenging plans for growth both organically and by acquisition.

The role

- Provide pro-active legal advice to senior management on the entire range of life and pensions products
- Manage a small legal team
- Liaise with external advisors and Head Office legal function
- Input strong drafting skills
- Opportunity to play a full part in the development of the business

The person

- Qualified solicitor with at least 5 years' post qualifying experience
- Financial services or Insurance background
- Proven experience in company, tax, pensions and life assurance law
- Ideally an experienced manager with sound team skills

The career opportunities of this role and the remuneration package which includes relocation assistance to this area offering a high quality of life and children's schooling will attract the highest calibre of managers.

To apply, please write with full career details and stating salary requirements to Douglas Kinnaird, Executive Search and Selection, PA Consulting Group, Number Two Blythswood Square, Glasgow G2 4AD, quoting reference no. 7421/FT.

London (071) 720 9200 Manchester (021) 454 5791
Bristol (0272) 294981

PA Consulting
Group

Manchester (061) 236 0331 Edinburgh (031) 225 4481
Glasgow (041) 221 3956

SENIOR OPERATIONS MANAGER

£65-75,000 + Banking Benefits

- Our client has a challenging opportunity within their International Operations area. The goals set for the successful individual will be to continually develop and improve the operations process through the use of modern management methods. The identification of key areas for improvement and the implementation of change through re-engineering techniques will be primary responsibilities. Through strategic reallocation of resources you will strive to streamline and automate many aspects of the operations areas and seek to put in place continual quality initiatives.
- This highly rated Global Investment Bank is without doubt one of the leading participants in the investment field. Due to the diverse nature of our client's business and their complete commitment to the development of their staff, they are able to offer unrivalled career opportunities for the successful individual.
- The suitable candidate will possess a very special combination of skills and experience. You should be aged to 35 and have a wide ranging knowledge of the recognised banking products ie bonds, equities and derivatives. Your track record to date will show positive career progression within a leading financial institution. You must be confident and outgoing with a creative flair and a sense of humour.

For further details regarding both the company and the actual role, please send your Curriculum Vitae in confidence to Antony Roganney and Rupert Harding-Batt at:

Michelangelo Associates, International Search and Selection,
Austin Friars House 2-6 Austin Friars, London EC2N 2HE
Tel: 071 972 0150 Fax: 071 972 0151/2

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To make the most of the potential we can offer, you'll need to be an ambitious graduate with 2-3 years' money market and off-balance sheet experience particularly in futures and FRAs. Analytical, far-sighted and calm under pressure, you'll also have the confidence and interpersonal skills to negotiate at a senior level.

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In return for your contribution to the continued success of the UK's third largest Building Society, you can expect highly attractive rewards. Your salary of c£30k will be backed by financial sector benefits including 26 days' holiday, contributory pension and concessionary mortgage.

If you'd like to invest in growth - ours and yours - please send your CV to Sue Palmer, Personnel Department, Woolwich Building Society, Corporate Headquarters, Watling Street, Bexleyheath, Kent DA6 7ER.

Closing date for applications 20th December 1994.

The Woolwich is an equal opportunities employer. We welcome applications from people with disabilities, from all races, religions and from both sexes.

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Our client is a leading international investment bank. They have experienced considerable growth in trading activities and are now seeking to recruit an experienced SFA compliance specialist to monitor their equity businesses. It is imperative that applicants have a good knowledge of SFA rules and their practical applications and have a good understanding of the markets. Candidates must demonstrate excellent communication and presentation skills as well as a proven track record within a 'blue chip' environment.

Interested applicants should apply in writing to
Helen Hight, Senior Consultant, at the address below

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Tel: 071-623 1266 Fax: 071-626 5259

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Attractive remuneration and benefits packages

By any criteria, Wales has consistently been one of the leaders within Europe in attracting quality inward investment, currently boasting over 350 foreign owned manufacturing facilities already established. A principal reason for our continuing success has been the substantial efforts made in specific overseas areas and countries, with some of the most notable achievements from countries in the Asia Pacific region, particularly Japan. As a leading international Development Agency, we are keen to promote and develop our links by strengthening our international team with the following senior appointments.

Executive Vice President - Asia Pacific
Probably based in Singapore, your objective will be to focus on the fast growing Asian Pacific economies, excluding Japan, to identify and develop new opportunities for inward investment projects, and develop and expand an existing team. A successful track record of operating in the Asian Pacific marketplace will be essential. Ref. EVP/AP/FT

Executive Vice President - Japan
Based in Tokyo and servicing an existing market of over 20 years' successful inward investment, the role will require you to build and extend an already well informed customer base and lead an established team. To be successful, you will have a proven track record in Japan. Ref. EVP/J/FT

For both of the above positions, candidates should be able to demonstrate a successful career in business development and possess particularly well-developed interpersonal skills as well as proven management abilities and a strong team orientation. Flexibility, tenacity, determination and adaptability are all equally vital personal qualities. An understanding of the countries and cultures involved in the Far East, together with a commitment to Wales and a knowledge of its issues are also essential.

If you have the range of skills, abilities and personality needed for either of these high profile roles, we would like to hear from you. Please write enclosing a comprehensive CV to: Philip Guy, Human Resources Department, Welsh Development Agency, Pearl House, Greyfriars Road, Cardiff CF1 3XX. Tel: (0222) 828604. Fax: (0222) 644371. Closing date for applications is 31 December 1994.



General Manager Moscow

Our client is a well known multinational electronics company, manufacturing and marketing leading brands of professional communication products. Represented worldwide, the company has had a presence in the Russian market over the past two years.

The General Manager will be responsible for developing a rapidly expanding sales and service network within the CIS and a headquarters for support functions located in Moscow. He/she will manage the entire CIS operations and will be the acting head of the Moscow branch.

The successful applicant will have a technical educational background, several years of sales and marketing management experience, including responsibility for business units, and in-depth knowledge of the Russian market. Candidates should speak fluent English and good Russian. The position offers a unique opportunity for personal development within a multinational organisation.

If you are interested in this exciting, international opportunity, please apply to:

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BANKING FINANCE & GENERAL APPOINTMENTS

■ Career development opportunities with Deutsche Bank ■

We plan to expand our nucleus of highly talented Business Analysts with a global consultancy brief. Based at Head Office in Frankfurt, our team has global responsibility for all trading and production sites including investment banking technologies and services. Frequent on-site project work involves regular shuttling between Frankfurt, Tokyo, New York and Singapore as well as other European cities. The ultimate objective is a quantum leap in efficiency, quality and flexibility for the investment banking and FX/Money Market centres of the bank. It will be achieved by exploiting the substantial IT investment to maximum advantage, reengineering business processes and applying new technologies and techniques. Already the impact has been visibly significant and the bank is ready to expand the team with graduate calibre professionals who, working either independently or as part of a team, can develop innovative but achievable solutions.

Our prime requirement is a senior level - proven Business Analysts or Systems Builders with at least 5 years' experience in investment banking at a major bank or consultancy firm. You must have the personal authority and credibility to command respect at top management level and gain full cooperation from users and managers. There are also openings for quality professionals with 1-3 years' systems experience, provided they have a strong functional understanding of the business. This is a chance to concentrate on complex areas of business analysis. At all levels you will need to be polished, personable, highly proactive and committed to delivery. You must also be comfortable with the idea of living in Frankfurt and travelling the world. Whilst English is the common language, you will be given full facilities for learning or improving your German.

Investment Banking Business Analyst For Global Consultancy Team

Deutsche Bank offers a challenging and rewarding environment, substantial growth opportunities and generous packages which include comprehensive banking benefits. Frankfurt is a city of professionals and offers a high quality lifestyle. Do you think you have what it takes? If so, please call Mrs. S. Eisert

today on +49-69/91069789 during office hours. Alternatively, send her your CV to Deutsche Bank AG, Personnel Dept., Alfred-Herrhausen-Allee 10, 65755 Eschborn, Fax: 069/91069673.

■ Let's talk about it.

Deutsche Bank



EMERGING MARKETS BANKING: EASTERN EUROPE PROJECT SUPPORT ROLE

A large, progressive international bank is seeking an individual with a sound understanding of the Russian culture, as well as written and spoken fluency in the language, to work as an internal consultant on a range of emerging markets projects. With a view to establishing a local presence for our client in Russia, the successful candidate will be a graduate who has 2-3 years financial services project-based experience, gained with a top consultancy firm. Exposure to technology or systems implementations would be an advantage.

CVs will be treated in strictest confidence.

For further details please contact Ivy Murphy, or fax/send your CV to CITY CONSULTANTS LIMITED Eldon House, 2/3 Eldon Street, London, EC2M 7LS. Tel: 071 247 2942 Fax: 071 247 4249

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The position is supported by a group of Corporate Finance Analysts who conduct transaction-orientated research and analysis upon target companies and their industries, principally throughout Europe in the telecommunications, transportation, energy and utilities sectors. You will play a leading role in developing transaction structure recommendations and valuations, and participate in client presentations.

The successful candidate is likely to be a graduate in a quantitative discipline, and possibly a qualified accountant. This is an active marketing role, but could suit someone with 3-5 years relevant research and analytical experience in a US investment bank, or a similarly demanding environment, who is seeking to progress. You will have solid appreciation of the securities industry, a thorough understanding of capital structures and be ready to act as mentor for junior staff.

Interested candidates should forward a detailed CV, in confidence to: Anthony Cooke, Hoggett Bowers, 5 Bream's Buildings, Chancery Lane, London, EC4A 3DF, 071 430 9000, Fax: 071 405 5995, quoting Ref: HAC/6343/FT.

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The Equitable Life is one of the country's most successful life assurance and pensions offices with investment funds in excess of \$11bn.

We are looking for two individuals, one to join a small team managing a North American equity portfolio and one to join a small team managing a Far Eastern/Japanese equity portfolio.

With approximately 2 years' experience of fund management, the successful applicants are likely to have a good degree

as well as finely tuned communication skills. In respect of the Far Eastern appointment, experience of the Japanese market would be considered particularly beneficial.

In addition to prospects for career development, the appointments offer an attractive salary and excellent benefits.

Apply in writing with a CV to: Susan Castagnini, Staff Recruitment & Development, The Equitable Life Assurance Society, Watton Street, Aylesbury, Bucks HP21 7JW.



The Equitable Life



TOKAI BANK EUROPE

Risk Advisory

We are looking for a high calibre individual who is seeking a challenging and rewarding role to join our Corporate Finance Department. As part of a sophisticated derivatives house, our Corporate Finance group offers risk advisory and derivative services to a broad base of clients throughout the world.

Our highly successful Risk Advisory group requires a junior professional to supplement our experienced team. This position offers an excellent opportunity for an individual who is looking for international exposure, growth and career potential.

Responsibilities will include working as part of a core team on mandated projects, participating in marketing efforts, and writing proposals for potential clients. The ideal candidate would have 2-3 years of experience working in a risk management role for the treasury department of a major corporation or the risk management group of a financial institution. A highly quantitative background is required as well as a demonstrated detailed understanding of derivatives portfolio risk management. Excellent oral and written communication skills are also essential. Knowledge of a foreign language is a plus.

Remuneration will be commensurate with your skills and experience. Please reply with CV to Personnel Department, Tokai Bank Europe Limited, Mercury House, Triton Court, 14 Finsbury Square, London EC2A 1DR or fax to 071-628-6417.

مكتبة من الامارات

McKinsey & Company

Corporate and investment banking specialist for management consulting

McKinsey & Company, an established world-leader in management consultancy, is looking for a specialist who can bring a detailed knowledge of corporate and investment banking to the solution of complex business problems facing financial institutions.

Whereas career progression in the banking sector traditionally concentrates on high technical specialism rather than general management development, consultancy at McKinsey provides an exciting opportunity to develop and broaden your managerial capabilities while continuing to apply your expertise within the field.

Working with some of the biggest names in the industry, you will be responsible for helping teams to develop in-depth, practical solutions that deliver significant improvements to clients' operational and commercial performance. Based in London, you will spend about a third of your time working directly with clients, usually as a member of a multi-disciplinary team. Major responsibilities will also include contributing to our own research and development effort - enhancing our knowledge base and deepening our insight into issues of key importance to wholesale finance clients - and defining and establishing resources to support our wholesale finance infrastructure across Europe.

You will need an excellent academic record, including at least a 2.1 honours degree. You must also have between 5 and 10 years' professional experience with a major corporate or investment bank, including exposure to at least two of: sales and trading; corporate finance; back office operations; specialised lending; global custody; investment management; strategic planning. Your technical knowledge must be matched by assured communication skills and an enthusiasm for solving difficult problems and tackling new areas of knowledge.

Remuneration is highly competitive, and comprehensive benefits include company car, non-contributory pension and relocation assistance if appropriate. All progression within McKinsey is strictly merit-based, and specialist roles such as this offer an established career route to the highest levels of the Firm. If you are keen to apply your expertise in a consistently challenging environment, please mail or fax your full cv (including A-level and degree grades, and current salary details) to our advising consultant: Niall Macraughton, BSM Associates, 76 Watling Street, London EC4M 9BJ. Fax: 0171 248 2814.

DIRECTOR OF FUTURES OPERATIONS LONDON

Chicago based int'l futures brokerage firm is seeking a qualified individual to supervise our growing London operation. Responsibilities include all treasury, banking, clearing, systems and accounting operations. Qualified candidate should have a minimum of 5 years experience in futures/derivatives markets, multi-national treasury experience and strong management skills; knowledge of London markets a plus. Send resumes to: Dept. 11CH495 Nationwide Confidential Reply Service, 35 E. Wacker Drive, Chicago, IL 60601. EOE.

WOLFSON COLLEGE OXFORD

The Bursarship

Wolfson College invites applications for the post of Bursar, which will become vacant at the end of September 1995. The Bursar is responsible for the management of the College's financial and business affairs, for its general administration including certain staff matters, and for overseeing major building and repair work. Clearing, housekeeping and allocation of accommodation are administered separately by the Domestic Bursar. The appointment will be full-time (with a retirement age of 65), with a salary on a scale whose maximum point is currently £22,748 p.a. The post will be associated with a Fellowship of the College, which would entitle the holder to certain other emoluments. Further particulars of the post may be obtained from the President, Wolfson College, Oxford OX2 6UD (telephone 0865-274105) to whom applications should be sent by Tuesday, 31 January 1995. Wolfson College is an Equal Opportunity Employer.

Fairbairn International Ltd (soon to be known as the Old Mutual International Group) specialises in providing investment products to international investors worldwide. The Group has over US\$35 billion of client assets under management, and is looking to increase this figure substantially over the next few years.

The Investments Division is responsible for managing a number of unit-linked offshore funds, and also provides investment marketing services to the Group. In addition, it is responsible for marketing the Group's investment expertise to institutions, mainly through the Old Mutual International range of asset trusts based in Dublin.

Senior Investment Manager

The Division is looking for an additional Fund Manager, to manage a number of offshore unit-linked funds, worth in excess of US\$250 million. Reporting directly to the Investment Director, the primary responsibility will be to manage several global asset allocation funds (which are all 'fund of funds') as well as a number of individual portfolios for high net worth clients. It is also envisaged that you will be a member of our Investment Asset Allocation Committee.

The successful candidate will have an impressive track record in investment management combined with a comprehensive understanding of the global economic and market environment, a degree-level education, hold appropriate professional qualifications and be able to operate effectively in a team environment.

Institutional Marketing Managers

We are looking for two experienced individuals to market our Group's investment expertise to institutional investors in the Middle East, Far East, South Africa and the US. Our main product is a range of Dublin-based UCITs, managed by Providence Capital Portfolio Managers, who have established an enviable performance track record across a range of products over the past few years. Both positions will involve substantial overseas travel.

The successful candidates will need to possess:

- ♦ A minimum of three years experience selling to institutions, preferably with an established client base in one or more of the aforementioned locations.
- ♦ Excellent communication skills, and a thorough understanding of investment markets and the Unit Trust industry.
- ♦ An innovative and entrepreneurial approach to achieving success in a highly competitive market.

In addition, it is essential that candidates can demonstrate an exceptional degree of drive and self-motivation in a team environment.

Investment Marketing Managers

We are also looking for three investment marketing managers, to assist in servicing a growing number of clients of the offshore life companies within the Group. The position involves:

- ♦ Serving as a direct link between allocated clients and the Investment Division.
- ♦ Participating in the development and implementation of an appropriate client servicing strategy.
- ♦ Assisting the Group's distribution channels in acquiring new business and servicing existing clients.
- ♦ Communicating the Group's investment philosophy and strategy to clients.
- ♦ Developing marketing material used in presentations to clients.

The successful candidates should be educated to degree level (preferably in Economics or Finance), or possess relevant professional qualifications. Also, they should have a sound understanding of the world economy, investment markets and the life industry, possess excellent written and verbal communication/presentation skills combined with real marketing flair. In addition, they should be organised and able to work independently, be confident and be prepared to travel extensively.

These positions, based either in Guernsey or the UK, present an excellent opportunity for outstanding individuals to join one of the world's fastest growing and dynamic financial institutions at an early stage of an exciting and ambitious growth phase. Each position offers an attractive package including salary and usual company benefits. Please send full CV, stating current salary and relevant references, to:

FAIRBAIRN INTERNATIONAL

Mr K. D. Boches, Investment Director, Fairbairn International Ltd, Fairbairn House, R.O. Box 121, Rokeby, St. Peter Port, Guernsey, GY1 3HE, Channel Islands.

OLD MUTUAL INTERNATIONAL

MATHESON ORMSBY PRENTICE SOLICITORS

SANTANDER FINANCIAL PRODUCTS LIMITED GENERAL MANAGER

Santander Financial Products Limited ("SFP") is a new company established and owned by Banco Santander. Operating from the International Financial Services Centre in Dublin ("IFSC"), SFP will engage in structured financial product transactions across a wide range of interest rate, currency, equity and commodity markets. Transactions will include a blend of swaps, options, futures, foreign exchange, securities and derivatives transactions.

Job Description

The company wishes to recruit a General Manager. The successful candidate will report directly to the Board of Directors and will be responsible for the general management of the company, financial reporting and the co-ordination of its activities with Santander Financial Services; another Banco Santander controlled company located in the IFSC. The responsibilities will also include the review and approval of structured financial transactions.

Requirements

The successful candidate will have a minimum of seven years international capital markets experience with a financial institution (commercial bank or securities firm), law or accounting firm and will be familiar with the transactions listed above. A sound knowledge of the Irish regulatory and fiscal environment for these type of activities would be an advantage. Fluency in Spanish or previous experience in Spain or Latin America would be helpful but is not essential.

PLEASE RETURN APPLICATIONS TO:

MATHESON ORMSBY PRENTICE,

3 BURLINGTON ROAD, DUBLIN 4, IRELAND.

REFERENCE: DMG

ALL APPLICATIONS WILL BE TREATED IN STRICTEST CONFIDENCE.

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On behalf of leading UK and International banks, we are currently seeking top quality Relationship Managers and Analysts to support existing business and initiate expansion, with specific focus on one of the following:

- Southern Europe Corporates (i.e. Italy, Spain and Portugal)
- Small to Med. sized UK Corporates
- Financial Institutions
- Food/Beverages/Pharmaceutical Industries
- Property (specific knowledge of recoveries is helpful)

The ideal candidates will be in their late 20s/30s, have a good background in banking with product knowledge in capital markets and treasury instruments or in corporate or project finance. An analytical mind with an ability to make lucid presentations is a must for Analysts, who will be formally credit trained and currently earning above £28,000. Business Developers will be dynamic, well-presented, have the presence to win new business and be able to cross-sell a wide range of products.

Strong communication skills is a must and fluency in another European language would be an advantage.

If interested, please send your cv in confidence to Michele MacPherson at the address below

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

DEVELOPMENT CAPITAL

Royal Bank Development Capital (RBDC) is a subsidiary of the Royal Bank of Scotland. Its role is to provide equity capital to private companies, in particular for MBOs, MBIs and development capital.

a team structure is important. Above all, we are looking for evidence of your potential to progress to Director level in this challenging and growing market sector.

Following rapid expansion in the last 12 months, RBDC are now seeking to add to their current expertise with the appointment of two Assistant Directors. The remit for each position will include analysing and progressing investment opportunities, monitoring post-investment performance and providing marketing support.

With a background in venture capital, accountancy or banking, you must have 2-5 years' experience in venture capital transactions or corporate finance. In addition to technical knowledge, you will need an analytical mind, a high level of commercial awareness, a flexible approach and first class communication skills. The ability to work on your own initiative within

In return, you can expect a highly competitive package that will reflect your experience and abilities along with generous banking-sector benefits.

To apply, please forward your CV to Fiona Coles, Personnel Department, The Royal Bank of Scotland plc, Regents House, PO Box 348, 42 Islington High Street, London N1 8XL.

Closing date: 21 December 1994.

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ASSISTANT DIRECTORS

UP TO £40,000 +
ATTRACTIVE PACKAGE
LONDON



MARTIN CURRIE

Head Up Investor Support

Edinburgh based Martin Currie is one of Scotland's foremost independent investment houses with funds of £4 billion under management. The Group seeks to appoint a Head of the Investor Support Team focusing on the group's range of retail products including investment trusts, unit trusts, PEPs and savings plans.

You will organise and control the retail investor/sales support functions providing a high level of service to existing and potential clients, and the investor sales team. In establishing the department you will plan, recommend, implement and administer customer/client services whilst establishing

procedures and standards, collating data, and organising the production and distribution of inhouse publications.

Aged 28-38 years, you have customer services experience in a financial services, FMCG or service sector, have data base management expertise, are highly organised, and have team management/ team leadership skills.

An attractive salary and package is available. Please write with career details quoting ref 8269 to CS&P Selection, 8 Albany Street, Edinburgh EH1 3QB or telephone 0131 557 8280.

CS&P Selection
A Division of
Copey Scott & Partners

Corporate Finance Executive Oil & Gas

Morgan Grenfell is one of the leading international corporate finance houses and has had a group specialising in the oil and gas industry for over twenty years.

The Corporate Finance Division is seeking an Executive to join its Energy Group. This Group provides advisory services to oil industry clients on acquisitions, divestments, financing and other corporate finance related matters. The role will involve research, analytical and valuation work, as well as client contact.

Applicants should be graduates with 2-5 years' experience of oil field economic analysis gained in a business planning/analyst role in the oil industry or in the financial sector. A knowledge of the UK oil taxation regime would be helpful. PC and financial modelling skills are essential, as is the ability to communicate effectively both orally and in writing.

The position is based in the City of London and offers an attractive remuneration package.

**MORGAN
GRENFELL**

Applications should be sent to:
Sharon Harris

Morgan Grenfell
& Co. Limited
21 Great Windmill Street
London EC2A 3DF

Sales-Capital Markets

European Merchant Bank

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Salesperson

Excellent Salary & Package

THE POSITION

- Key member of small distribution team.
- Primary responsibility to sell non Latin American emerging markets bonds to institutional investors in Europe. Spot new opportunities.
- Also sell structured products: FRNs, loans, bonds, swaps, currency and equity derivatives.

QUALIFICATIONS

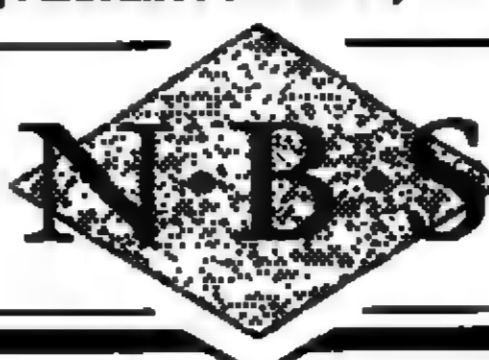
- Graduate calibre. Self-motivated, energetic, tenacious team player.
- Able to develop European investor base.
- 2-3 years experience in capital markets sales. Multi-instrument knowledge.

City

Ref: 1CN4607

Please send full cv, stating salary, quoting relevant reference, to NBS, 10 Arthur Street, London EC4A 9AY

NBS SELECTION LTD
a NBS Resources plc company



Senior Salesperson

Excellent Salary & Package

THE POSITION

- Spreadhead Far Eastern sales effort. Create client base in Asia Pacific.
- Lead and coach small sales team.
- Specialist product range: FRNs, high yield debt, emerging markets fixed income, asset swaps and equity derivatives.

QUALIFICATIONS

- Highly motivated professional with excellent communication skills.
- Previous management experience preferred.
- Relevant sales experience in London. Strong interest in SE Asian markets.
- Fluent English essential. Mandarin or Japanese helpful.

Singapore

Ref: 1CN4608

CITY 071 625 1520

Aberdeen 0224 638080 • Birmingham 021 233 4656
Bristol 0272 291142 • Edinburgh 031 226 2600
Glasgow 041 204 4334 • Leeds 0532 453830
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EXPERIENCED TEACHERS IN FINANCE

- Corporate Finance
- Treasury Management



Competitive Package London & Manchester

FSMD is a well-established provider of financial training to banks and large corporates. Our client base is both domestic and international. We specialise in tailor-made programmes of the highest quality at senior level. Clients expect course content to rise above conventional wisdom; the emphasis is on combining conceptual rigour with intense practicality.

An appropriate academic background is essential, with qualification to Masters or PhD standard in a relevant discipline. Candidates must have the skills to create teaching material and experience of delivering to senior management audiences. Time spent in a financial institution would be an added bonus.

The job demands personal enthusiasm and professional credibility; we require candidates to work both individually and as team players. FSMD provides an intellectually stimulating and a competitive commercial environment in which to work, with support from a first-rate administrative and DTP back-up team.

Please reply by December 23rd enclosing a detailed CV to:
Ruth Kelly, Company Secretary, FSMD Ltd.
Emerson Court, Alderley Rd, Wilmslow, Cheshire. SK9 1NX

**FINANCIAL SERVICES MANAGEMENT
DEVELOPMENT LTD.**

MERGERS & ACQUISITIONS SPECIALIST

THE NETHERLANDS

Our client is an international engineering company with operations worldwide. The company employs more than 4,500 people and has a turnover in excess of £500 million. Due to recent growth, both organic and as a result of strategic acquisitions, they are now looking to recruit a Mergers & Acquisitions Specialist to strengthen their M&A department.

Reporting to the Financial Director your main responsibilities will be:

- Initiating market research to identify possible 'Target' companies
- Coordinating the M&A process
- Contacts with external advisors (banks, accountants and lawyers)
- Looking after newly acquired or merged companies to ensure optimal integration into the Company.

The successful candidate will have a university degree (finance/economics/MBA) and at least four years experience, gained working for an international financial institution, in the investment/M&A area.

You must have the ability to work to tight deadlines and under pressure. Exceptional interpersonal skills are pre-requisites as is the ability to look commercially and strategically at the business. The business language is English, but the successful applicant will ideally be fluent in one or more other European languages. You must be prepared to travel extensively at short notice.

If you are interested in this opportunity, please contact Maurits Claassen on (3120) 6444 655, or alternatively send your curriculum vitae to the following address: Robert Walters Associates, 'Riviersmaat' Postbus 74700 1070 DJ Amsterdam, Netherlands.

ROBERT WALTERS ASSOCIATES



sfa plays a key role in the regulation of the City. The activities of our 1400 member firms are as wide ranging as they are complex and embrace all the primary and secondary markets in the UK. The responsibility attached to the oversight of such business is demanding and we strive constantly not only to ensure that we continue to discharge our responsibilities to the highest standards, but also that we are sensitive to the dynamics of the market place and able to respond quickly to changes in the regulatory framework.

One such change which goes to the heart of the way we are likely to approach the regulation of our members' financial affairs in the years ahead, is the implementation of the Capital Adequacy Directive which is due to come into force on 31st December 1995. The implications of the Directive are far-reaching both for us and for our members. One critical aspect of the change which will result is the need for SFA to enhance its approach to monitoring the credit risk which attaches to our members' dealings and which they are required to evaluate and provide capital against on a routine basis. Our intention is to develop mechanisms whereby we are better able to assess the credit management

THE SECURITIES AND FUTURES AUTHORITY

procedures which our members have in place.

As part of this process we anticipate providing incentives to firms to adopt and maintain the highest standards in their decision processes for setting, monitoring and controlling credit exposures by offering lower capital requirements where they can demonstrate robust systems and controls.

CREDIT RISK ANALYST

In order to develop these new processes we now seek an individual of exceptional calibre to join our Risk Assessment Group, a small team of professionals which has gained

international respect for its pioneering work in assessing the market risk of derivative products. He or she will have direct relevant experience of credit management, perhaps gained within a regulated financial institution or a banking or other financial services regulator. A good understanding of credit risk reduction techniques and well-developed technical and analytical skills are essential. It goes without saying that this important role also demands an enquiring mind, unrivalled communication and interpersonal skills, an innate ability to persuade and influence and a sense of judgement of the highest order. It is a position which provides a unique opportunity not only to experience first hand the credit arrangements of a wide range of financial institutions, but also to make a significant contribution in an area of regulation which seeks to break new ground.

If you are a self starter, enjoy working on your own initiative and feel you are up to the challenge, we would like to hear from you. Please write providing full career details and your current remuneration package to: Lisa Booth, Recruitment and Employment Manager, The Securities and Futures Authority Limited, Cottons Centre, Cottons Lane, London SE1 2QB. Closing date: 16 December 1994.

Bermuda International Investment Management (Europe) Limited

Assistant to the Portfolio Manager

We are a major international financial institution and are looking to recruit an assistant to the Portfolio Manager to work within the Investment Division in London.

The individual's role will be to assist in all aspects of private client portfolio management and to help in the research and communication of various investment services to customers and group companies.

Candidates should be university graduates with 2-3 years investment experience. The individual should be a registered representative or have passed the Investment Management Certificate and should intend to develop greater investment skills by completing the IIMR or SI examinations in due course. Computer literacy and good communications skills for dealing with clients, stockbrokers and other professional advisors are essential. A working knowledge of French/Italian would be an advantage.

Applications in writing with CV to:

Michelle McGrade
Bermuda International Investment Management (Europe) Ltd
Austin Fiers House, 2-6 Austin Fiers, London EC2N 2HE
Bermuda International Investment Management (Europe) is a wholly owned subsidiary of the Bank of Bermuda Limited.

Turkey and Eastern Med

A leading regional investment bank is continuing to strengthen its growing presence in the Turkish and other Eastern Mediterranean markets.

The following opportunities are available for experienced, energetic individuals willing to make a career move into a key role with a premier emerging markets player.

Interested candidates should write, citing the applicable position and providing full career details, a photograph, references and current salary to:

P.O. Box 45020, Financial Times of London, One Southwark Bridge, London, SE1 9NL.

All positions will be based initially in Istanbul. Applicants will be offered a competitive salary and benefits.

Institutional Turkish Equity Sales

Opportunity for ambitious, innovative individuals to join the institutional equity sales team. The successful candidate will possess a minimum of one year of experience selling emerging markets equity to UK, US or other foreign institutions. Candidates must demonstrate an exceptional degree of drive and the ability to succeed in a high pressure, highly competitive environment. Fluency in foreign languages, in particular Turkish and French, would be preferable.

Senior Economist

Reporting to the head of research, the incumbent will assume primary responsibility for generating a macroeconomic view on Turkey. The role encompasses writing English language daily and other periodic reports, the preparation of forecasts, detailed economic modelling and consulting with clients.

The successful candidate will possess a graduate degree in economics and will have significant prior work experience in a research or financial services environment. Candidates must be fluent, confident, pragmatic and possess excellent language and communication skills. Strong interpersonal and analytical skills will be combined with the ability to present complex views. This is a position for an individual with drive, competence and ability. Fluency in Turkish is desirable.

Administration and Personnel

This is a critical position for an individual who can work successfully in a tough and demanding environment. Reporting directly to senior management, the incumbent will assume primary responsibility for all aspects of administration and personnel of the firm, including co-ordination, supervision and management of a large and rapidly growing staff of professional, administrative and clerical staff. Previous finance industry experience, preferably with a financial services organisation, will be critical. Working with one support staff initially, the incumbent will also assume responsibility for overall office administration and services, including liaising with engineers, architects, repair personnel and building management. This is a position for a self-motivated, self-directed individual comfortable with a fast-paced, hard working team.

Transaction Support

This is a demanding and crucial role. The successful candidate will work well under constant time and other pressures and will have exceptional drive, stamina and a take-charge approach. Working with other members of the team, the incumbent will support the documentation and processing of new equity issues and other corporate finance transactions. Candidates should have excellent typing skills (70-80 wpm) and facility with Microsoft Windows applications including Word and Excel.



EQUITY PORTFOLIO MANAGER

SEB Fonder, the asset management subsidiary of the S-E-Banken Group has global funds under management in excess of US\$6 billion and offers a full spectrum of investment products for institutional and retail clients in all of the major financial markets.

The London Branch of S-E-Banken Fonder is currently seeking to appoint an ambitious investment professional to manage the Australian and Canadian portfolios within the Global Funds. In addition, this person will be responsible for the Natural Resources Funds and will be part of a larger Global Investment team.

Applicants should have 2-4 years experience of managing either Australian or natural resource portfolios. They should be computer literate and have good written and oral communication skills.

A competitive salary with bonus scheme is offered together with an attractive benefits package.

Please apply in writing enclosing your C.V. to:

Joelyn Curtis
SEB Fonder
Scandinavian House
2 Cannon Street
London EC4M 6XK

YOUR MANAGEMENT CONSULTANT EXPERIENCE CAN LEAD TO A NEW CAREER.

Make a new, exciting career for yourself with our expanding firm. We are searching for the individuals who want to remain in the professional of management consulting. Our firm has been in business for over 25 years in North America and has established a solid reputation in European markets. We are dedicated to World Class Performance and develop a partnership with our clients to improve their operating effectiveness with a higher profit margin.

EXPERIENCED MANAGEMENT CONSULTANTS, ANALYSTS AND SALESPERSONS.

We need a few qualified individuals to join our group. You must know the business from your time and experience in the industry. The required qualifications are:

- 2-6 years experience the business
- Multilingual
- Undergraduate degree
- Proven record

We offer a competitive salary and benefits package. For a true career opportunity, send resume with cover letter and salary history to:

Attn: General Manager

P.O. Box 5427

D-65729 Eschborn-Frankfurt, Germany

سكرا من الاربع

Corporate Business Development Managers

**Responsive, professional and innovative -
two key roles focused on business growth**

**One based in Manchester with a national remit, and one in
Cardiff to develop business opportunities in South Wales**

**Attractive
Benefits
package**

c. £50k

Experiencing significant profitable growth in all areas of business activity, particularly in Corporate Banking, we continue to succeed through the implementation of innovative and pro-active banking practices, as exemplified by our increasing ethical approach to business, thus setting the pace within a highly competitive and demanding market.

To enable us to respond quickly to Corporate Business opportunities we now wish to appoint two additional experienced business development professionals, people with ambition, who may feel that their current career path is not developing as they would wish.

We would expect candidates to have an established and successful corporate banking record together with a recognised banking qualification. They will be practised at negotiating at Director level and able to assess and interpret complex financial information. A self-starter, PC literate and comfortable operating in a small team environment, we think that you will need to have had a minimum of 15 years corporate banking experience.

If you share our approach to business development and wish to broaden your career expectations, please write with full CV, including details of your current package to: Mr. Walter Armstrong, Head of Human Resources Operations, Co-operative Bank plc, Head Office, P.O. Box 101, 1 Balloon Street, Manchester M60 4EP.

We actively promote the policy of equality of opportunity for all.



The CO-OPERATIVE BANK

RISK MANAGEMENT

Equity/Derivatives Market

c. £35,000 + Car

London

Our client is the equity markets subsidiary of one of the world's premier banking organisations. Continued expansion, diversification and increased trading activity has created an exceptional opportunity for an experienced Risk Manager to join its stockbroking and securities division.

The successful candidate will be responsible for all aspects of risk monitoring which arise from the underwriting, trading and sales of equity and derivative products. The individual will report to the Head of Market Risk, managing a small team of experienced staff. Initially their main area of responsibility will lie in the further implementation of the Group's new systems and procedures to ensure that all aspects of risk are properly assessed, managed and reported.

The candidate should be familiar with:

- Equity and equity derivatives
- Risk Monitoring controls and procedures
- Trading/Hedging strategies
- Risk measurement parameters/techniques
- Trading/Securities environment

Probably aged 26-30, the ideal candidate will be:

- a qualified accountant with up to three years post-qualification experience in a banking/securities trading environment.

- a graduate, with at least two years experience gained within the risk management area of a major securities house.

This is an outstanding opportunity, with excellent long term career prospects in a middle or front office capacity. The rewards include a competitive remuneration package, commensurate with experience.

For further information, please contact our retained advisors, Guy Townsend or Brian Hamill of Walker Hamill Executive Selection on 0171-839 4444. Alternatively, forward a brief resume to their London office at 103-105 Jermyn Street, St James's, London SW1Y 6EE, quoting reference GT 1569.

WALKER HAMILL

EXECUTIVE SELECTION

PORTFOLIO MANAGEMENT

London

Our client, a rapidly expanding asset management group, is seeking highly experienced professionals to join its team.

Director

To manage leveraged fixed income and currency portfolios using arbitrage techniques to maximise returns. The successful candidate will be educated to Masters degree level with a minimum of 7 to 10 years' relevant experience of managing portfolios and in proprietary trading in a prestigious financial institution. Experience of managing portfolio managers, analysts and dealers and well-developed interpersonal and communication skills are also required.

Portfolio Manager

To work as part of the team managing institutional fixed income and currency portfolios. Candidates should be educated to degree level with a minimum of 3 to 5 years' relevant experience including quantitative analysis and fixed income trading.

Please send your cv with full details of your education and experience which will be forwarded to our client unopened. If there are any companies to whom you do not wish your application to be sent, these should be listed in a covering letter and the envelope marked for the attention of the Security Manager. Ref: H7070PT, PA Consulting Group, Advertising and Communications, 123 Buckingham Palace Road, London SW1W 9SR.

London (0171) 730 9000
Birmingham (021) 424 5771
Bristol (0275) 294581

PA Consulting Group
Advertising and Communications

Manchester (061) 236 4331
Edinburgh (031) 225 4481
Glasgow (041) 221 9954

BASE METALS PRODUCER REGIONAL MARKETING MANAGER EUROPE & USA circa £40,000 pa

Based in London and reporting to the Sales & Marketing Manager, the candidate will be responsible for the successful marketing of physical nickel products in European and US markets.

Candidates will be graduates, preferably in metallurgy, and have a minimum 5 years proven experience in the selling and marketing of base metals. Languages will be a definite advantage.

Extensive overseas travel is required, and the ability to build relationships with customers, conduct market research, identify new opportunities and to work in a team environment is essential.

Send your full CV including salary details to:

Box A5018, Financial Times,
One Southwark Bridge, London SE1 9HL

EQUITY DERIVATIVES ANALYST

S.A.M. Ltd is a Bermuda-based investment advisor, engaged primarily in the leveraged trading of fixed-income products, equities and foreign exchange.

A position has become available for a bright, numerate individual possessing excellent quantitative skills to be involved in the research and analysis of equity and associated derivative markets. The successful candidate will work alongside the trading team reporting directly to the senior equity derivatives trader.

A solid academic background is essential with 2-3 years experience in a trading/analytical/programming role, preferably in equity derivatives, within an investment bank or similar financial institution. The individual will relish the challenge of working within a small team in a 24 hour global trading environment and must also expect to work long and irregular hours.

Please reply, enclosing a current curriculum vitae to:
Strategic Asset Management Limited, Jordine House,
33-35 Field Street, Hamilton HM12, BERMUDA

CONVERTIBLE BONDS SALES AND TRADING

Highly capitalised global investment bank seeks exceptional sales people and traders with experience in Far Eastern convertible bonds, warrants and/or equities for its London and Tokyo operations.

Send your C.V. to C. Benson, Box A5021, Financial Times,
One Southwark Bridge, London SE1 9HL

Euro Convertible/ Derivative/Equity Sales

Our client is a very high profile specialist banking firm in the Asia Pacific Region that is currently undergoing a period of dynamic expansion.

Although candidates need no prior specific experience of SE Asian markets they must demonstrate:

- A minimum of five years work experience in
- A thorough understanding of Fixed Income and Treasury products.
- Fluency in English and Japanese.
- An ability to sell effectively.

The ideal candidate will have obtained minimum qualifications from both a SE Asian University and a British institution.

Please send detailed Curriculum Vitae quoting reference ADG4 000 to:
Indochina Partnership Ltd, Executive Search and Selection, Gurney House, 11-15 Gurney Street,
London EC2V 7JN. Tel: 0171 680 6181 Fax: 0171 796 0226.

MANAGEMENT TRAINEE

Long term development and growth in private limited company expanding in Central London. Individuals aged 23-35 seeking opportunities in financial markets. Potential to progress to senior management, with full profit participation.

Call: John Grotzok 071 240 4943

APPOINTMENTS WANTED

EMERGING MARKETS Fund Management/Analyst

Investment Analyst (IMR), Economist (B.A.Econ), Chartered Accountant (ACA) & MSI (Dip). Fundamental research and business valuation skills, familiarity with modern portfolio theories, broad business experience and exposure, and knowledge of Asian Markets.

Please Fax: (+44) 071 638 0214 or Reply Box: A5251, Financial Times, One Southwark Bridge, London, SE1 9HL.

OUTSTANDING PERSONALITY IN SEARCH OF AN OUTSTANDING CHALLENGE

Cosmopolitan lady with Swiss passport (44), German, English, French, Italian, Spanish speaking, great interest in economics, politics and art, would love to be - maybe your personal assistant.

Travelling highly appreciated.

Write to: Box A2464, Financial Times,
One Southwark Bridge, London SE1 9HL



Senior Country Risk Analyst

High Wycombe

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Dun & Bradstreet is the world's leading supplier of business information, with a turnover exceeding \$4 billion. The Economic Analysis department, which is responsible for assigning country risk ratings across 120 different markets in which investors place funds, now requires an experienced senior analyst for its country risk products.

Analysing countries and business sectors world-wide, you will produce and edit country reports and contribute articles to D&B's monthly International Risk and Payment Review Journal. As well as updating the on-line information system, you will participate in business expectation surveys and ad hoc research projects.

A postgraduate in economics with a sound grasp of politics, you will have spent at least five years in a financial/economic research or country analysis role, backed by two years' experience of writing for publications. Practical, assertive and flexible with an international perspective, you will be an effective team player. A sound knowledge of a geographical region is essential and language ability would be an advantage.

To apply, please write with your full CV including current salary details to Lynda Hargood, Personnel Manager.

Committed to your success.

Dun & Bradstreet Ltd.

Holmers Farm Way, High Wycombe, Bucks HP12 4UL

RESEARCH ANALYST

Our client, the investment management arm of an international banking group, is seeking to supplement its Emerging Markets team by recruiting an exceptional individual to contribute to its research and investment in the countries of the former Soviet Union. Day-to-day activities will involve researching and monitoring political, macroeconomic, microeconomic, legal and securities' market developments. Responsibilities will include analysis and evaluation of investment proposals, participation in negotiating investments and ensuring that investment deals are properly concluded and documented.

The ideal candidate will have a degree in Russian law, be fluent in English and Russian with at least 5 years' experience in relevant post qualification work advising on ex-Soviet Union countries' tax and corporate law. In addition, previous experience and education in international investment management is desirable as is recent experience of investment into the countries of the former Soviet Union.

A highly competitive benefits package will be offered which includes a non-contributory pension.

Rada

All applications should be in writing to: Peter Phillips, Rada Recruitment Communications Ltd., 195 Euston Road, London NW1 2BN. Please list separately any companies to whom you would not wish your CV to be forwarded. Closing date: Friday, 16th December 1994.

FUND MANAGERS/ANALYSTS

UK EQUITIES • EMERGING MARKETS • US EQUITIES

As one of the UK's leading investment houses, Gartmore provides investment management services to institutional and retail clients, both domestically and internationally. With over £20 billion funds under management our product range encompasses pension funds, unit trusts, offshore funds and investment trusts. Due to our continued success, we are seeking to appoint a number of high calibre fund managers/analysts. We have a wide range of opportunities in our UK and International equity teams based in London.

You will be looking to make your first significant career move, building on 2-3 years proven research and analytical experience. However, you should be aware that this is not an easy option. This is a challenging environment, where you will be expected to present your views with confidence and contribute to energetic debates.

Ideally, you will be in your mid-twenties with a good first degree, IIMR qualified and with a sound knowledge of your market. You may already have some responsibility for managing funds but, in any event, you will be able to demonstrate strong research abilities and the potential to manage funds. Computer literacy is essential, along with proficient written and oral communication skills.

Successful applicants will gain outstanding career opportunities in a dynamic organisation. If you feel you can meet the challenge, please apply, with CV and covering letter indicating your preferred market sector, to Lois McLean, Senior Personnel Manager, Gartmore plc, 16-18 Montague Street, London EC3R 8AJ.

Gartmore

Issued and approved by Gartmore Investment Limited, a member of IMRO.

INVESTMENT BANKING PROFESSIONAL

Competitive Package

Pakistan

Barings is a long established international financial services group, providing a wide range of integrated business services to clients who include governments, international agencies, industrial companies and private individuals. Our Karachi office is responsible for developing Barings' investment banking and stockbroking activities in Pakistan.

We currently seek to recruit an experienced investment banker to assume a wide-ranging brief, including senior commercial relationship development, the identification of dealflow and the continuous analysis of companies, organisations, projects and market sectors. The individual will also be involved in the preparation of presentations and the implementation of transactions.

Unlikely to be aged under 30, the individual we seek will have an impressive first degree, and may also have an MBA or appropriate professional qualification, together with demonstrable commercial experience in an investment banking, consultancy or accountancy environment. Exposure to an overseas and particularly Asian business environment would be extremely advantageous.

To apply, please write with full career and salary details, in complete confidence, to Ruth Norman, Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE.



BARINGS

FINANCIAL INSTITUTION - MIDDLE EAST

OPERATIONAL & RISK MANAGEMENT SUPPORT

A major Middle East commercial bank is recruiting experienced operational and risk management support staff to provide assistance within the International and Treasury Operations areas. The required staff are being attracted to directly assist in its unfolding strategy of deploying automated system solutions to the noted business areas. It is expected these initiatives will serve to provide the Bank entry into the new century.

The required candidates:

Operational Support

The position to be filled will be in the form of a product Project Manager responsible for the business user's needs in operational and front office support. The suitable candidates will possess skills and experience gained through recognised banking products, loans and deposits, foreign exchange and derivatives.

Risk Management Support

The suitable candidate will possess skills and experience gained through front office control and system design processing. Work undertaken in portfolio and risk analysis will provide the basic background required.

The Bank offers an attractive benefit package including a tax-free salary (at source), paid housing, medical cover, over 30 days vacation and paid annual vacation air tickets. Qualified candidates with an interest in participating in the continuing development of this dynamic financial institution should address detailed resumes including current compensation to: Box No A5016, Financial Times, 1 Southwark Bridge, London SE1 9HL. Interviews will be conducted the first week of January 1995.

Excellent Career Opportunity Senior Portfolio Manager

Our international fund management arm manages a wide range of funds on behalf of corporate clients, pension funds, unit trusts, charities and private clients. We are part of the Bank of Ireland Group, with funds under management in excess of IR£6bn.

Due to the growth of our business, we wish to recruit a Senior Portfolio Manager who will be responsible for managing one of our client servicing teams. In addition to portfolio management, the team liaises frequently with our international offices and global custodians, and participates in the development of in-house systems.

A detailed knowledge of investment markets, portfolio construction and an ability to work to tight deadlines is required.

This is an excellent opportunity for a self-starter who wants to develop his/her career in a successful, internationally-focused, business. We offer an excellent remuneration package, commensurate with our industry. Interested candidates should apply in strictest confidence to:

Ann Ringrose
Personnel Manager
The Investment Bank of Ireland Limited
26 Fitzwilliam Place
Dublin 2

Applications should be received by 15th December.



THE INVESTMENT BANK OF IRELAND LIMITED



Lloyds Bank
International
Private Banking

Portfolio Managers
Europe, Japan and Asia ex-Japan

Geneva Based

Competitive Package

Investment Management Services (IMS) is the central investment unit of Lloyds Bank International Private Banking, headquartered in Geneva. The unit is responsible for managing and advising private client assets and 30 investment trusts. We seek to hire three additional portfolio managers to cover markets in Europe, Japan, and Asia ex-Japan.

For these positions, candidates should be aged 30-40, university graduates in Economics or Business Administration, team players with minimum 5 years experience in fund management. English is our working language. Preference will be given to candidates with good track records in fund management.

Interested candidates should send CV to:

Ms N. J. Simpson,
Personnel Department, Lloyds Bank Plc.,
Case Postale 5145, 1211 Geneva 11, Switzerland.

International Investment Banking £35,000 + bonus + benefits

Additional team members are required for the expanding group of this premier UK investment bank. The group covers all aspects of cross-border activities varying from structuring deals, providing advisory services, to leading and controlling projects.

The successful candidate will enjoy in-depth exposure to a variety of transactions in a range of emerging markets. They will be:

- A high calibre graduate with excellent academic and numerical ability.
- Ideally a strategy consultant with at least two years experience or someone with a general banking background.
- Aged between 24-29 years old and preferably offer fluency in an additional European or Far Eastern language.

Quantitative Analyst - Equity Trading To £40,000 + benefits

An outstanding opportunity exists for a highly mathematical financial modeller to join the Equity Trading Group of this American investment bank.

The role will involve providing trading desks with the analysis of sophisticated trading and risk management methodologies as well as advising on technical trading strategies and hedging techniques.

- To succeed you must demonstrate:
- Superior academic ability, ideally a PhD in a quantitative subject.
- Good programming and/or modelling skills.
- Energy, drive and commitment.
- Ideally up to 2 years relevant experience.

These positions offer excellent opportunities for career development and impressive rewards.

For further details of these and many other vacancies please contact James Harper or Chris Quinn on 071 583 0873 (day) or 0727 838 693 (evenings & weekends) or write to us at 16-18 New Bridge Street, London EC4V 6AL. Fax 071 583 3998

BADENOCH & CLARK
recruitment specialists

Career opportunities in...

ASSET MANAGEMENT

We continue to see opportunities for experienced high calibre Fund Managers who can offer above average performance in a variety of markets. We believe that further opportunities will arise in the coming months. Current assignments include:

European Equities	-	Head of Department	£100,000
	-	Senior Fund Manager	£ 50,000
	-	German Specialist	£ 45,000
Global Equities	-	Index Funds	£ 50,000
	-	International Funds/	
	-	Marketing	£ 40,000
Emerging Markets	-	Asia, Africa, Middle	
	-	East	£ 35,000

For details of these and other opportunities, please contact
Martin Symon at the address below

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TF Tel. 071-623 1266 Fax. 071-626 5259

JONATHAN WREN EXECUTIVE

An opportunity
for an ambitious
salesperson to develop
a successful product
within an innovative
environment



Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

Institutional UK Equity Sales

Prime US Brokerage House

Package to £70,000

Our client, a leading US financial institution, is continuing to strengthen its growing presence in the UK and Continental European Equity marketplace. It is at the forefront of the move away from traditional stockbroking activities towards a more dynamic and efficient brokerage service. As a result of the success of this approach, the business requires an additional EQUITY SALES PERSON to develop further the UK INSTITUTIONAL MARKET. The successful candidate will possess:

- A minimum of 2 years experience selling to UK Institutions.
- A developed client base within the UK investment community.

An innovative and entrepreneurial approach to achieving success in a highly competitive market.

In addition, it is essential that candidates can demonstrate an exceptional degree of drive and the ability to succeed in a professional fast moving organisation. This is an excellent opportunity to join an established and accomplished sales team working clients with clearly developed products and services. Interested applicants should write to Gavin Stirling or Peter Ince at Michael Page City, 39-41 Parker Street, London WC2B 5LH, quoting reference 189390. Alternatively, telephone on 071 831 2000 for an initial, confidential, discussion.

The Top Opportunities Section

appears every Wednesday. For advertising information call:
Philip Wrigley +44 71 873 3351



BDO Gendrot

PARIS

REJOIGNEZ UNE ÉQUIPE D'ENTREPRENEURS AU SERVICE DES ENTREPRISES

TO £55,000 PLUS BONUSES INTERNATIONAL CORPORATE FINANCE MANAGER

BDO Gendrot's young and dynamic corporate finance department is looking for an ambitious manager preferably with corporate finance experience and with an outstanding track record. Competent French is required with a will to become fluent rapidly. It is likely that the successful candidate will be aged about 30.

This senior position will involve:

- a high level of responsibility on a wide range of international assignments;
- a significant role, together with the department's partners, in marketing BDO Gendrot's corporate finance services;
- overall responsibility for managing the corporate finance staff;
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سكرا من الاصل

Hard times give way to great expectations

Jim Kelly on why proposals in the Audit Agenda may restore the profession's credibility

The Audit Agenda, published yesterday by the Auditing Practices Board, provides a framework for reform which promises, in the eyes of the authors at least, to restore the reputation of auditors after the bruising corporate failures of the late 1980s and early 1990s.

Something of the expectations it will excite can be judged by the report's own definition of audit. The authors note that the word comes from the Latin for "hear": the auditor they envisage is the shareholder's scribe. "Audit is about governance," says the report. "It is about upholding integrity of financial reporting and business conduct, it is about seeking the truth."

This image of the auditor was wounded by company collapses which followed swiftly on from the signing of unqualified accounts. In response, the Auditing Practices Board was founded in 1991, and in 1992 the McFarlane Report was published - the "green paper" to yesterday's "white paper".

Other factors than perceived failure have crowded round the auditor in the last decade. Aggressive competition since the mid 1980s and the introduction of advertising have pressed down on fees and threatened quality. Firms have grown beyond the limits of the old threshold of 20 partners. The threat of facing legal actions for damages has led to caution and a reliance on the rule book to support audit opinion.

The Audit Agenda seeks to restore the role of personal judgment to the auditor and to alter corporate governance to support the auditor's objectivity. "Audit is about judgment which in the final analysis is personal: an expert view with personal accountability," says the report.

Many of the proposals in the Audit Agenda take up the ideas in the Cadbury Report on corporate governance. Indeed one of its authors has described it as an early instalment of Cadbury II - the promised development of the original report which is due to get under way next year.

It is worth looking briefly at the main proposals.

● Audits at listed companies would be more extensive than those at owner-managed companies. The scope of the statutory audit would stay the same, but these extended duties will be backed up by standards which will be the power of law.

● The extended audit duties would be covered by contracts limiting liability.

● Auditors would have to make sure that the text of accounts, such as the chairman's report, match the accounts they have audited.

● The audit would be signed by a partner. At present the accounts carry only the name of the firm from which the auditor comes. The authors of the report think this will emphasise personal responsibility.

● The audit partner should not have overall control of non-audit services for the company.

● Audit committees would have responsibility for appointing the auditors and setting their fees.

● The chairman of the audit committee

would report on the auditor to the AGM - possibly in writing and orally.

● Separate reports would be made to the board and the audit committee by the auditor on standards of governance - and to the shareholders on whether the so-called Cadbury Code is being followed properly.

● Auditors would comment on internal audit controls.

● The board would order periodic forensic audits in which teams of specialists look for fraud.

● The penalties for deceiving auditors would be toughened up and staff would face penalties as well. At present, they cannot be punished for mis-issuing an auditor.

● The professional bodies would teach auditors about fraud.

● APB and the Accounting Standards Board would work on how to assure secondary and tertiary stakeholders in the company. While the primary duty is to the shareholders, as confirmed by the Caparo test case, other stakeholders should be able to rely on assurances given by auditors. The authors suggest that some groups, such as employees, should be able to contract the auditors to provide assurance.

These proposals contain several fundamental ideas. Principally, the report identifies the role of the auditor as being different in quality to other services offered to a company. It is often forgotten "that the audit service is different in that the auditor's opinion is of benefit to the users of financial information and confidence in the capital markets, as well as for the benefit of the company itself".

Proposals in the report to ensure the audit partner is not in control of trying to market other services to the company he audits will help dispel the widespread mistrust of the practice of selling management consultancy services, or information technology advice, to audit customers. The report makes it clear that the auditor must be seen not to face a conflict of interest.

The proposal to limit liability for the extended audit on listed companies will excite those looking for a way forward in the current morass over litigation. UK auditors face increasing claims against them and the Big Six firms are still lobbying the government to change the law and allow them to limit their liability in such cases.

The campaign on limiting liability has run into the sand in the short term. The report's suggestion holds the promise of allowing audit services beyond those on the statute book to be limited in liability through contract. If this is successful, and becomes an established practice, would not the campaign to limit liability completely be that much more attractive to the government?

The Audit Agenda also recognises for the first time in the UK the different audit needs of large listed companies and smaller owner-managed ones. The APB is to work on special guidance for smaller companies on audit. This work will mirror the current debate on how Generally Accepted Accounting Standards (GAAP) should differ between large

and small companies. Whatever the outcome, the owners of non-listed businesses will be looking for a decrease in the burdens of compliance.

The training of auditors forms a strong thread throughout the report. The authors are keen for the profession to be seen to discuss fraud openly - no longer protected by the curious argument that examining fraudulent methods in public provides criminals with the means to commit new crimes. Behavioural and forensic training is seen as vital along with regular seminars on how to spot fraud and fraudsters. One of the authors even sees the chance of producing a list of tell-tale signs of fraud to help the less experienced.

The role of the audit committee is pivotal in the proposals. The authors see its members as the direct representatives of the shareholders who are, after all, the ones to whom the auditor has a responsibility to report. The enhanced role envisaged for the audit committee adds to the power of the non-executive directors who sit on it and who must, in future, take responsibility for monitoring the auditor.

The APB may well have come of age with the publication of the Audit Agenda. It has prepared the ground well before publication and it has left behind the contentious ideas thrown up by the earlier McFarlane Report. The proposals look practical and the strong emphasis on the public interest may well serve the profession well in the battles ahead on self-regulation.

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Assistant Controller

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Applicants must be qualified accountants in their late 20's with post qualification experience gained in an industrial environment. A sound technical background is essential, together with people management skills, business sense and the ability/confidence to communicate clearly. There are future prospects in the UK and overseas. Relocation assistance is available if necessary.

Please reply in confidence quoting Ref: L573 to:

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As part of a multi-discipline Finance team you will work closely with the Sales & Marketing function. Your primary role will be to provide the means for management to control and improve performance by formulating business plans and budgets. In addition, you will design and instigate the appropriate reporting measures to evaluate performance against budget, by Monthly and Quarterly reporting and other ad hoc investigations and analysis.

You must possess good analytical skills and be experienced in providing accurate and timely management reports. Ideally in a fast moving environment. You will be taking to further your career in finance or may be seeking the opportunity to develop on a broader basis into Sales & Marketing.

If you have the expertise we seek and can make an immediate and positive contribution to our multi-national business, send full CV to Mrs Janice Miller, Personnel Department, W R Grace Limited, Cromwell Road, St. Neots, Cambridgeshire PE19 4GN.

Closing date: 22nd December 1994

UK Finance Manager

£40,000

Car Allowance + Benefits

Dow Jones Telerate is a wholly-owned subsidiary of Dow Jones & Co. Inc. and a world leader in providing on-line financial information.

We seek a UK Finance Manager to work at a senior level in our Finance Department. Supported by an experienced and professional team, you will take responsibility for interpretation of the monthly management accounts and all budgeting matters relating to the UK/Ireland operating division.

This high profile role involves working closely with the UK/Ireland Manager as well as the managers of the operating department, therefore to succeed your interpersonal skills will be first class.

You will need to have at least five years post qualifying experience, ideally in the financial services industry, be able to demonstrate a record of achievement as well as being proactive.

To fulfil the demands made by our fast moving environment, you will be a practical hands-on manager who shows drive, professionalism and extreme commitment.

To apply please send your CV to Kate Jenkins, Human Resources Executive, Dow Jones Telerate, Winchmore House, 12-15 Fetter Lane, London EC4A 1BB. (No agencies please). Closing date: 23rd December 1994.

"This company is committed to equal opportunities and applications are welcomed from anyone irrespective of colour, ethnic origin, disability, sex or marital status."

Dow Jones Telerate

APPOINTMENTS WANTED

Indian National

(MBA/FCCA/CMA)

With European EMCG experience seeks to work with European/American company or consulting firm setting-up/expanding operations in India.

Write: Box A5022, Financial Times, One Southwark Bridge, London SE1 9HL.

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Philip Wrigley on +44 71 873 4006

Chief Financial Officer

IVS Cable Holdings Limited

Andover, Hants

A unique opportunity exists for a Chief Financial Officer to join the management team of one of the UK's few independently managed cable telecommunications groups in one of the fastest growing industry sectors.

IVS holds the broadband cable telecommunications franchises for Andover, Salisbury, Oxford and Stafford in the UK and Jersey in the Channel Islands. The systems encompass some 314,000 households. The company's main shareholder is Flextech Plc whose majority shareholder is Telecommunications Inc, North America's largest cable company.

Based in Andover, the Chief Financial Officer will control the financial operations of the Jersey based Group including all UK subsidiaries. The CFO will report to the Chief Operating Officer, also based in Andover, and will forecast capital requirements, develop investment strategies, negotiate directly with the banks and other City financial institutions to achieve planned growth, in addition to having

Highly attractive package

complete responsibility for the budgeting and accounting policies of the Group.

Candidates must be Chartered Accountants with senior operating and commercial experience. The appointed candidate will possess the leadership qualities and the undoubted integrity to inspire confidence when representing the Group at the highest level. The remuneration package will be negotiable and will reflect fully the senior responsibilities of the position, although it is unlikely that anyone earning less than £60,000pa will be considered to have the requisite experience.

Interested applicants should write outlining their suitability to the position enclosing a detailed curriculum vitae with salary details and quoting reference SK398 to Suzanne Karoly, Ernst & Young Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

ERNST & YOUNG

Finance Managers

The Company

This US based international client with a US\$500million turnover has substantial operating interests throughout the world, contributing to an \$80billion turnover industry. Their specialisation within electronic data processing has helped this visionary organisation expand, especially within the emerging markets of Central & Eastern Europe where their activities are in a particularly exciting stage of development. Investment in 'leading edge' technology has led to considerable success, thereby developing their profile positively throughout Europe. Emphasis has been in the Baltic Republics, Poland, Czech & Slovak Republics and the UK, where they have substantial operations.

The Roles

As Finance Manager your responsibilities will consist of maintaining and developing Western style accounts and accounting procedures, you will also have responsibility over the local accounts. Reporting to the Eastern European regional head office and Finance Director you will implement systems of financial control. Budgeting and cashflow forecasting will also be a key element of your role. You will be working on compliance with regional tax regulations and financial reporting requirements as well as implementing GAAP accounting.

The Person

A primary factor is your experience of western accounting principles, this will ideally have been gained over a minimum of two years in a western company or working environment. Secondary to this is previous exposure to financial analysis, budgeting and the planning process. Strong financial management experience is as important as a recognised western qualification, especially if combined with an ability to speak either Lithuanian, Latvian or Czech. Applications are therefore equally welcome from Nationals of those countries or individuals with a genuine interest in the region. The organisation offers a structured career path for the right person in what is a rapidly expanding market.

Please send a full resume with covering letter to the address/fax below quoting reference FT2485 (Lithuania), FT2487 (Czech Republic), FT2489 (Latvia) on all correspondence. Applications will be treated in the strictest confidence.



ANTAL INTERNATIONAL
Executive Recruitment

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SENIOR FINANCE EXECUTIVE

LONDON

£32k + CAR + BENEFITS

Our client, a profitable £225m turnover quoted Plc, is a market leader for the manufacture and supply of food products and is actively seeking opportunities for further development. Rapid growth both by organic expansion and acquisition has resulted in the need for a high calibre, technically strong finance professional to operate at the Group Head Office.

Reporting to the Finance Director, this role carries overall responsibility for managing the Group's balance sheet.

Key responsibilities include:

- overseeing and strengthening operational controls and security over Group assets, liabilities and treasury matters
- managing the Group's tax affairs in conjunction with external advisors
- undertaking ad hoc projects including acquisition and restructuring proposals.

The successful candidate will be a qualified accountant, probably aged up to 32, with at least 4 years' post-qualified commercial

experience in part gained in a head office environment within a substantial company. In addition, you will be a good communicator, with the self-motivation and energy to effect real change and capable of a flexible, committed approach. This is a high profile position with clear career prospects.

Interested applicants should forward a full CV to Nicola Skeneberry at Robert Walters Associates, 25 Bedford Street, London, WC2E 9HP. Tel: 0171 379 3333 Fax: 0171 915 8714.

ROBERT WALTERS ASSOCIATES

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For further information please call:

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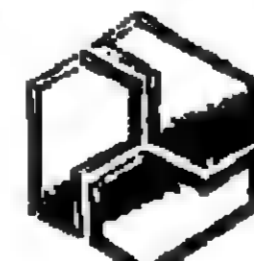
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TREASURY SYSTEMS CONSULTANT

Substantial Package to £70,000

Platinum Treasury Systems is expanding its European operation and we now wish to recruit an experienced person for our pre- and post-sales support centre in London. The integrated Corporate Treasury system is used to monitor, manage and account for operational financial market risks and exposures, together with physical and derivative financial instruments. Our team needs an experienced professional with systems knowledge to manage post-sales support initially, moving within six months to pre-sales consultancy. We are seeking a graduate who has worked in Corporate Treasury for several years, can demonstrate an expert's understanding of financial market instruments and holds a related financial qualification such as membership of the ACT of ICA. This challenging and rewarding role will involve extensive travel throughout Europe and will commence with a period in Australia.



PLATINUM
TREASURY SYSTEMS

If you feel that you can match our requirements post of fax your CV to:

Arthur Diggle at CFM - Platinum Treasury Systems,
20 - 22 Curtain Road, London EC2A 3NQ

A Financial Role with a Difference

North West

£33,000 + Car + Benefits + Relocation

Our clients are a world wide manufacturing group with two hundred subsidiaries. They are recognised as leaders in their particular sector and have a global reputation for excellence in materials technology. Due to internal promotion they currently have an unusual opportunity for a commercially astute accountant to "step off the treadmill" for around three years before also moving with them into general or senior financial management.

THE ROLE

Their Finance Task Force is composed of high calibre individuals from a variety of backgrounds and experiences. It exists solely to maximise overall profitability by the identification and advancement of commercial opportunities.

Working as part of this small but high profile team you will be responsible for a diverse spectrum of business issues both internationally and throughout the U.K. This will include a high degree of analysis, decision making and the practical solutions of business problems.

You will develop relationships with managers at all levels throughout the group and act as an agent of change in influencing important business decisions.

THE INDIVIDUAL

A fully qualified accountant (probably in the age range 30 - 35) with strong interpersonal and problem solving skills.

Demonstrable exposure to and involvement in commercial decision making in a manufacturing environment with a sound understanding of the design and limitations of product costing and production planning systems.

The ability to take decisions and to clarify to non financial managers why a particular course of action should be taken.

A total interest in the commercial aspects of a business coupled with a flexible approach to international travel.

Career opportunities are genuinely excellent. The Task Force is clearly established as a development base for future senior management. If you have the will, ambition and personal energy to make your mark in a fast moving and dynamic environment then we want to meet you. If your profile matches our client's requirements you should forward your curriculum vitae with complete confidence to: Peter Downes Associates, Brookside Cottage, Red Lumb, Norden, Rochdale, OL12 7TX (Tel: 0706 32443) marking your envelope T11 45.

Peter Downes

PDA
Associates

هكذا من الراحل

Group Chief Accountant

c £65,000 + car + benefits

This client is a major Media Services Group with broadly based international interests which are controlled from a small, strong corporate centre based in Central London.

The Group Chief Accountant's role is widely cast. Whilst being responsible for Group financial and management reporting and being the pivot for technical issues and standards there is also a requirement for high quality financial analysis and review for top level ad hoc assignments which may arise on any topic in any part of the world, and an input to treasury and international financing issues. The exposure in the role is very high, both at Main Board level at the Centre and with the Finance Directors/CFO's in the large business units. This at times will involve international travel.

Applicants must be Graduate Chartered Accountants with a high grade 1st degree and a partnership standard fast track career in a big 6 firm, who intend to leave or alternatively are already in a responsible position in commerce. Strong technical ability; leadership/management skills; a full set of gears; and the confidence and communication skills to work convincingly under pressure at the top are essentials. Career prospects and additional medium term benefits are in line with a multinational plc. Age guideline early-mid 30's.

Please reply in confidence quoting Ref 1574 to:

Brian H. Mason,
Mason & Nurse Associates,
1 Lancaster Place, Strand,
London WC2E 7EB.
Tel: 071-240 7805.

Mason & Nurse
Selection and Search

FINANCE CONTROLLER

Central London
c.£30k + Car + Benefits

A Successful travel company turning over £30 million plus in tour operating, corporate and retail travel seeks a flexible self starter for this new position leading a team of 7 staff handling the day to day accounting function and playing an active part in the middle management of the company.

You are a qualified accountant (preferably CA or CMA), early 30's with hands on approach, tour operating experience and proven computer expertise in both the accounting area and wider issues of travel computerisation.

Applications in writing with full cv and current salary details to
Box No. A5012,
Financial Times,
One Southwark Bridge,
London SE1 9HL.

Financial Controller Blue-Chip Manufacturing Group

West Country

To £55,000

Do you have an eye to the future and realise that more involvement in general business management is necessary to advance your career? Would you relish the opportunity to join a world-renowned manufacturing group whose award-winning levels of excellence and commitment to its customers is unsurpassed?

An ambitious and energetic qualified Accountant with proven achievements within a manufacturing/commercial environment, you possess the interpersonal skills and the managerial qualities necessary to allow you to develop your supporting team to the full and thrive in this challenging business role.

Success within this Manufacturing Plant requires your proven ability to focus their commercial business strategy, working as a key member of the senior management team, controlling working capital and providing detailed analysis of business units to enhance performance and profitability.

Rewards are excellent and include a competitive salary plus bonus, car and executive benefits. To apply, please write with full CV stating salary to Patrick Hill or Richard Morgan of Aston Zoraster Limited, Westminster House, 58 London Street, Reading, RG1 4SQ. Telephone 0734 566123.

Aston Zoraster
INTERNATIONAL SEARCH & SELECTION



OPERATIONAL CONTROLLER

UK Head Office

London

c£45,000
+ discretionary bonus
+ car

This is a high potential role in one of Europe's largest and most diverse businesses. Generale des Eaux has a worldwide turnover of some £16bn and more than 50 subsidiaries in the UK. By concentrating on a range of dynamic growth sectors the Group has ensured an enviable recent profit record, particularly so through its energetic investment in the UK water industry.

The appointment of an Operational Controller for the £140m UK Water Division has arisen out of this continuing growth. Supporting the Divisional Director, the successful candidate will ensure operational control over the four main subsidiaries and several other investments, with a view to enhancing their business performance. The key features of this new role will include financial analysis, operational reporting, strategic planning, investment review, capital expenditure appraisal, competitor analyses and the

development of group policies.

We are seeking a qualified accountant (ACA/CIMA) or financial MBA, probably aged 30-35, with a good first degree and a genuine understanding of engineering or construction. Candidates should have a progressive record of achievement at group or divisional level in a capital intensive business. Commercial acumen, an enquiring mind and natural authority are essential personal qualities. French language skills would be a distinct advantage.

Success in this high profile appointment will open the door to a wide range of more senior career opportunities within the group.

Please write with full career and salary details, quoting ref 51588, to Paul Carvoso, MSL International Limited, 32 Aybrook Street, London W1M 3JL.

LONDON 0171 487 5000 BIRMINGHAM 0121 454 8864 GLASGOW 0141 248 7200 LEEDS 0113 245 4757 MANCHESTER 0161 835 1772

Finance Director

Midlands based Competitive package

Outstanding career opportunity for a high calibre, management accounting professional.

Our client is a market leading business in the manufacture of construction products with operations in the UK and Europe. With turnover of circa £100m, the operation is an autonomous business unit which forms part of a publicly quoted company with operations in Europe and the USA.

Recent restructuring has created a need for an experienced Finance Director to take up a demanding and business orientated role within the management team. Reporting to the Managing Director, and with a functional responsibility to the plc Finance Director, you will have full responsibility for the financial and management accounting, IT and purchasing functions within the business and provide the full range of financial services to operational management.

In addition, the changing nature of this fast moving business, which operates in a highly competitive market, ensures that a variety of commercial projects will need to be undertaken.

The successful candidate will be a graduate, qualified accountant with at least 5 years post qualification experience ideally gained in a multi-site, manufacturing business. You should have the personal charisma and strong interpersonal skills necessary to make a significant contribution to a lean and operationally focused management team.

Interested candidates should send a comprehensive CV, quoting reference 54PJ to Karan Paige, KPMG Management Consulting, Richmond Park House, 15 Pembroke Road, Clifton, Bristol BS8 3BG. Telephone (0272) 464000.

KPMG Selection & Search

Financial Director Designate

Devon To £40k + benefits

Our client is a successful manufacturing organisation which produces high value products, primarily for UK and European markets. A market leader and a recipient of the Queens Award for Export, the company now seeks an experienced management accountant who will work closely with the executive team in developing the organisation's potential to become a world leader in its field.

Reporting to the Managing Director, the successful candidate will support the achievement of this corporate goal by the provision of sound financial advice to the Board. Key tasks will include implementation of management information systems to provide pertinent and tailored management reports, development of costing systems and assistance with the implementation of a MRPII infrastructure. In addition, you will be responsible for the day to day running of the finance function and act as an interface between the company and its professional advisers.

The ideal candidate will be a graduate calibre, qualified accountant (ACMA preferred), with a minimum of five years post qualification experience gained in an assembly type manufacturing environment. Previous experience of MRPII and MIS implementation is essential, as are strong interpersonal skills. In addition, you should be of a highly commercial orientation and an energetic and tenacious team player, capable of making a major contribution to the future success of the organisation.

Interested candidates should send a comprehensive CV, including current remuneration details, quoting reference 53PI to Karan Paige, KPMG Management Consulting, Richmond Park House, 15 Pembroke Road, Clifton, Bristol BS8 3BG. Telephone (0272) 464000.

KPMG Selection & Search

FINANCE DIRECTOR - PROFESSIONAL PRACTICE

c £60,000 + Excellent Benefits & Relocation Assistance

Price Waterhouse has an enviable reputation in providing auditing and business advisory services, with an established presence in eight countries in Eastern Europe.

Price Waterhouse, Warsaw is one of the firm's key regional offices with in excess of 200 staff. There is now a need for a dynamic and commercially aware Polish speaking Finance Director to contribute to the continuing success of its Polish operation.

Reporting to both the local Finance Partner and the Eastern European services group based in London, you will take full responsibility for the control of the finance function, ensuring the timely production of management and statutory accounts for the Warsaw practice. As an essential member of the management team, you will also be expected to manage and develop the business ensuring a strong viable structure is put in place for the future.

You will possess the following attributes:

- An accountancy qualification with at least 5 years' experience gained in a decision making environment
- The ability to manage change and lead effectively
- The drive and ambition to introduce new financial management disciplines in a multi-cultural business environment through a demanding phase of development
- Proficiency in Polish

A proven track record in international financial management. Interested candidates should contact Jacqueline Long or John Bowman, advising consultants at FSS Europe on (+44) 71-209-1000, (evenings and weekends on (+44) 71-871-5647) for a confidential discussion, or write to them at FSS Europe, Charlotte House, 14 Windmill Street, London W1P 2DZ.



GROUP FINANCE DIRECTOR

North West

FINANCIAL SERVICES c £60,000 package

Exceptional opportunity for a talented finance professional to join this expansive and highly respected North West based financial services group. As a key member of the group's executive team the successful candidate will be expected to make a vital contribution to the continuing profitable development of the business.

THE ROLE

Lead, motivate and develop staff within the finance function to meet the increasingly demanding and sophisticated requirements of a rapidly evolving business operating in a tightly regulated environment. Drive the development and implementation of enhanced financial planning and forecasting systems to facilitate rapid decision making and provide a solid platform for future growth. Ensure strong cash management and optimum utilisation of working capital. Manage relationships with external advisors and debt providers. Contribute proactively across all areas of business activity.

THE QUALIFICATIONS

Qualified accountant of graduate intellect, probably aged 35-45. Progressive career track record gained ideally in sophisticated service sector environments. Highly developed awareness of systems applications and their contribution to enhanced profitability. Commercial acumen, maturity and credibility to earn respect at group board level. Shrewd and diplomatic manager of change.



The remuneration package is negotiable and will not be an obstacle for the right candidate. Please reply to Robinson Keane, Denzell House, Dunham Road, Bowdon, Cheshire WA14 4QE enclosing a full curriculum vitae and quoting Reference RK 1095. Telephone 0161 929 9105.

Robinson Keane
SEARCH & SELECTION

FINANCE DIRECTOR

for a young, acquisitive plc

c. £50,000 + car and benefits / South Manchester

This plc, operating in niche markets in the manufacturing sector, is small but rapidly growing and has an impressive recent profitability and earnings per share record, together with zero gearing. Its core business alone will not sustain the board's ambitious growth plans and hence an acquisition path is being considered which may take them into new markets.

The time is now ripe for the appointment of a young and highly commercial finance professional to join the group board to take full responsibility for group financial matters and to work closely with the Group Managing Director on acquisitions.

Ideally aged 35 to 45, candidates will be graduate accountants with extensive experience in all aspects of financial

management in a manufacturing environment, including systems design and implementation and due diligence investigation. Ideally too, you will have had a number of years experience of working within a plc. Business acumen will be combined with attention to detail to give you a well-balanced style of working. With leadership skills, you will be seeking the next challenge in your career development and prepared to be judged on results.

To apply, please send cv indicating current salary and quoting reference: 7025/BB/PT, to Brett Bull, PA Consulting Group, Fountain Court, 68 Fountain Street, Manchester M2 2FE, Tel: 061 236 4531.



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Singapore Norway New Zealand Netherlands Malaysia Luxembourg

FINANCE DIRECTOR: PORTALS LIMITED

HAMPSHIRE

c.£55,000 + BONUS POTENTIAL + CAR + BENEFITS

The Portals Group is a successful UK company with a turnover of £200 million comprising two divisions, *Security & Specialist Papermaking and Protection & Control*.

Portals Limited is the largest operating company in the Papermaking Division and, indeed, in the Portals Group. The company is the world's principal manufacturer of watermarked banknote paper, supplying over 120 countries and around half the available market. Market leadership is maintained by continuous investment in manufacturing, process and product development and sales support services.

The company is now seeking a Finance Director who will be responsible for all aspects of financial management including budgeting, reporting and control, and also treasury activities. He/she will also play a leading role in strategic planning, organic and external growth proposals and profit improvement projects. Refining management information systems so that they support the commercial and operational direction of the business will be a particular priority. The position also carries responsibility for the company's IT activities.

Candidates will be aged 30-40 and graduates with a recognised professional accounting qualification. They will be able to demonstrate clear achievements in the accounting function of a substantial manufacturing company. They will be computer literate with sound systems knowledge. They will be strong leaders yet good team players with communication skills that enable them to put over their ideas in a practical and supportive way. Above all, as the company enters a further phase of growth and development, they will be innovative, energetic and committed. Success in this position will bring the opportunity for progression in the Division or the Group.

Interested candidates should write with a full CV and present remuneration to:
Bill Green, Group Personnel Executive, Portals Group plc, Mill House, Laverstoke, Hants, RG28 7NR.

PORTALS GROUP PLC

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The FT can help you reach additional business readers in France. Our link with the French business newspaper, *Les Echos*, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone:

Philip Wrigley on
+44 71 873 3351

Group Accountant

c£30,000 + car
W. Midlands

This Group is a substantial West Midlands quoted plc, strongly financed and successful, with manufacturing and distribution interests which have been developed organically and by acquisition in the UK, Continental Europe, USA and the Far East.

They wish to appoint a chartered accountant, probably aged mid to late 20's, to take responsibility for co-ordination and preparation of Group statutory accounts, Group monthly results, Group budgets and medium-term planning; interpretation and analysis for the main board; the further development and upgrading of systems, which are PC-based; and post-audit review of major capital expenditure and acquisitions. The Group headquarters is small in numbers, leading to high visibility and the need to accept personal responsibility.

Applicants should be chartered accountants with exposure to group accounting and international consolidations for a medium to large plc gained either via audit experience with one of the Big 6 or from a post-qualification industrial role. Experience of PC spreadsheet applications is desirable. The Group has a positive management development programme which will lead to a line management role. Mobility and a strong interest in career development are therefore major priorities.

Please apply in confidence quoting ref: 1575 to:

Brian H. Mason,
Mason & Nurse Associates,
1 Lancaster Place, Strand,
London WC2E 7EB.
Tel: 071-240 7805.

Mason & Nurse
Selection and Search

Financial Controller with systems experience

London W1

£Neg & Car

Our client is a successful conglomerate with significant commercial and industrial business interests across a diverse range of sectors and covering three continents.

Having consolidated its presence in the property and shipping sectors, the UK company now looks to expand its portfolio. Central to their plans is the appointment of a commercial Financial Controller to take control of the financial and accounting function. In addition, the development and implementation of IT systems to ensure the timely and accurate production of financial, operational and general management information is important.

You will be a qualified accountant, with proven systems experience, preferably in a Unix environment. Your financial and IT systems knowledge are of equal importance and will complement your ability to demonstrate a high degree of initiative and self motivation.

In the first instance send your CV to Sandra Aldridge or Chris Denington at Grant Thornton, International House, 7 High Street, Ealing, London W5 5DB. Alternatively, call them on 0181-566 5900.

Grant Thornton
MANAGEMENT CONSULTANTS
The UK member firm of Grant Thornton International

London, EC4

Highly Competitive Packages

The expansion of Touche Ross' regulatory consulting practice in the London Audit division provides exceptional opportunities for those with ambition, initiative and relevant experience. The firm is pre-eminent in insurance and investment management consulting world-wide and has developed a centre of excellence to serve UK regulatory requirements. The rapid growth of these services presents real career opportunities for two key individuals:

Regulatory Champion to support our marketing drive in the life assurance sector, implement a strategic and focused response to industry issues, develop key contacts and build his/her own team with relevant specialist skills.

Client Service Manager to provide a proactive service through new product development, analysis of key market issues and provision of high quality commentary and advice on predicted changes in the law and regulatory practice.

To succeed in these roles you will need a good knowledge of life assurance, have experience of PIA/LAUTRO regulations and be able to demonstrate considerable technical competence. Strong oral and written skills are a pre-requisite. As Regulatory Champion, your business development skills and leadership qualities are of prime importance but you must already have established your credibility within the life assurance market. As Client Service Manager you must be a qualified accountant with several years' relevant post-qualification experience.

If you feel you can meet the demands of either role, please send an up-to-date résumé, including current remuneration details and daytime telephone number, quoting reference 3434 to Sue Atkinson, Touche Ross Selection and Search, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Touche Ross

Robinson Keane
SEARCH & SELECTION

CHARTERED ACCOUNTANTS AND MANAGEMENT CONSULTANTS

Price Waterhouse
EXECUTIVE SEARCH & SELECTION

Group Finance Director

c.£60,000 + benefits + share options London

About us:

We are an enterprising manufacturer and merchandiser of specialist consumer and health related products with a growing share of a fragmented European market. Our corporate culture is vibrant and this Group is definitely going places. Following a re-structuring we are cash rich with a strong balance sheet, and are very keen to make acquisitions.

The role includes:

Reporting directly to the CEO; controlling the financial resources and keeping a finger on the financial pulse of the Group; establishing and implementing effective financial planning; issuing appropriate reports to the Board; participating significantly in the acquisition process and subsequently integrating new companies into the Group.

Your experience:

As a prerequisite, you will have worked in a multinational setting, ideally with both operational and group experience. You are used to international, perhaps matrix

management reporting structures and have been heavily involved in general management issues. You have gained your experience in manufacturing and marketing organisations, probably with mass-merchandised products. Furthermore, you will ideally have experience of restructuring, acquisitions and dealing with the City. If you speak French and another European language, all the better.

Your style:

You are professional, smart, articulate, diplomatic - but not afraid to express your opinion - and straightforward. You like working with exciting and successful people and are stimulated by exposure to an international setting.

Your next step:

Write with a full CV and covering letter, quoting reference H/1515 and telling our advisor Hamish Davidson why you wish to take this matter forward.
Executive Search & Selection,
Price Waterhouse, No 1 London Bridge,
London SE1 9QL. Fax: 0171 403 5265.

BUSINESS DEVELOPMENT IN THE HEALTHCARE SECTOR

London

c£45,000 + car

Our client is a major French group with a worldwide turnover of more than £16 billion. In the UK, its varied businesses already generate over £1.2 billion and it is actively seeking to develop existing or new areas of business opportunity within the healthcare sector.

As part of the UK operation's growth strategy, we are seeking a young, exceptional individual with around five years' experience of business analysis, acquisitions and corporate investment, to join a small business development team. The role will be varied, combining ongoing research and analysis activities with independent day-to-day responsibility for business development projects, from inception through to negotiation of contracts. This will involve frequent high level contact with key managers in the UK business as

well as those in the French parent and the company's professional advisers.

The successful candidate will be a graduate, probably aged 30-35, with a professional accounting qualification and/or MBA. Fluent French is essential. A high level of energy and commitment combined with sound commercial judgement are further prerequisites.

This is a rare opportunity to join a rapidly developing group of businesses offering wide-ranging career opportunities both internationally and in the UK.

Please write with full career and salary details, quoting ref: 51582, to Paul Carosso, MSL International Limited, 32 Aybrook Street, London W1M 3JL.

MSL
INTERNATIONAL

EXECUTIVE RECRUITMENT CONSULTANTS
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FINANCE DIRECTOR/DEPUTY MANAGING DIRECTOR

MANAGEMENT BUY OUT - FOOD INDUSTRY

North West

c £45,000 package + Equity

Exceptional opportunity for a talented finance professional to join this highly innovative fast growing £6m to food manufacturer. Working closely with the Managing Director the successful applicant will be expected to make a vital contribution to the future development of the business, in line with its ambitious three year plan.

THE ROLE

Lead a small finance team to ensure accurate, timely financial reporting. Provide broadly based financial, commercial and operational management support for the Managing Director. Optimise utilisation of working capital ensuring the company operates within banking covenants. Manage relationships with institutional investors and debt providers. Provide "hands on" "can do" leadership across all areas of the business.

THE QUALIFICATIONS

Qualified accountant, probably aged 30-40. Successful track record in financial management gained within a manufacturing environment. Proven expertise in implementation of fully integrated financial/manufacturing control systems. Demonstrable capability to make a broad based commercial contribution within a small company environment. Credibility and maturity to take overall responsibility in the absence of the Managing Director. Totally committed team player with "shirt sleeves" approach.

Interested applicants should send a full curriculum vitae, to be received no later than Friday 9th December, to Robinson Keane, Denzell House, Dunham Road, Bowdon, Cheshire WA14 4QE quoting Reference RK 1093. Telephone 0161 929 9105.

Robinson Keane
SEARCH & SELECTION

Financial Controller

Greater London

c£35,000 + 2 litre car + benefits

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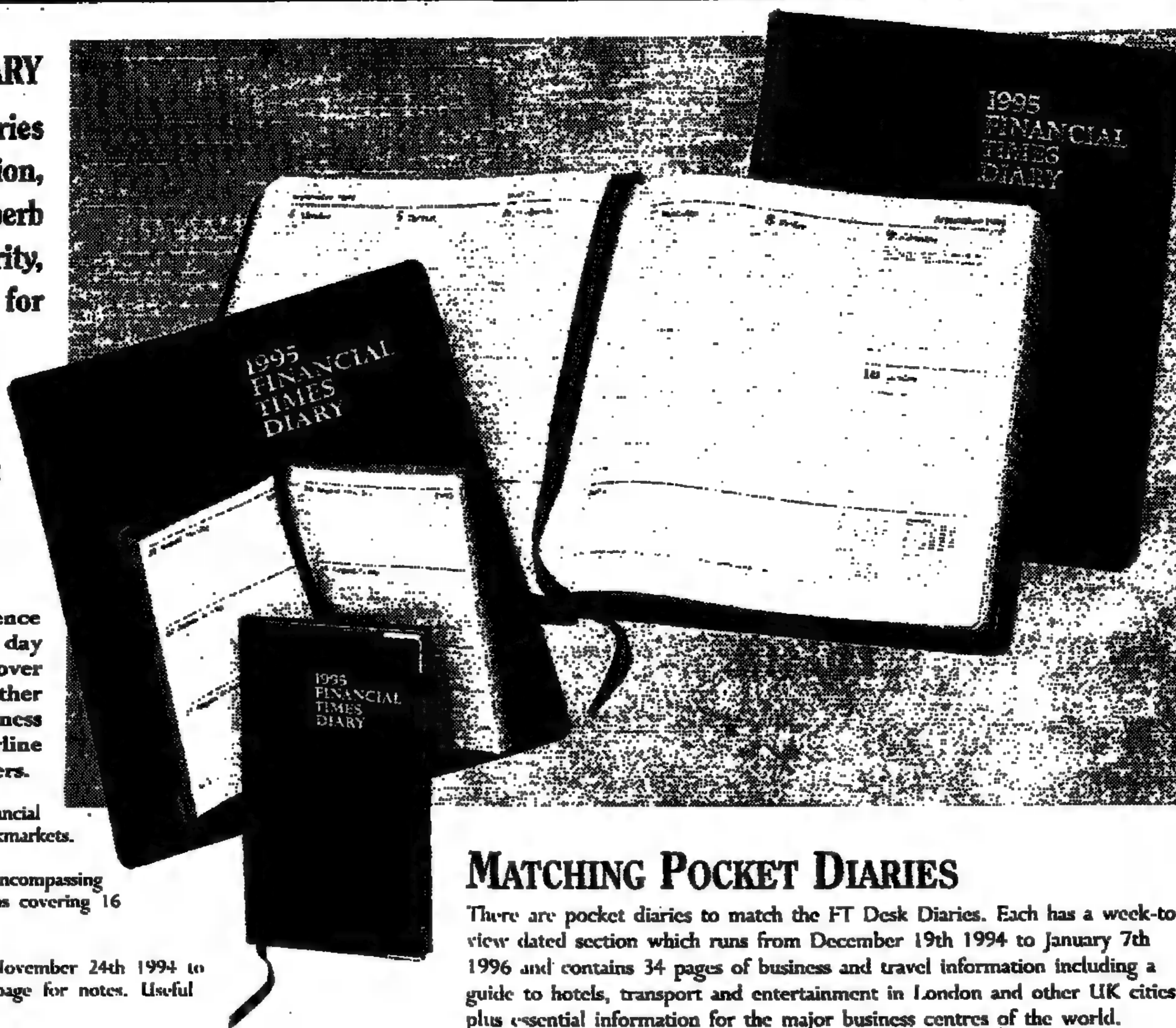
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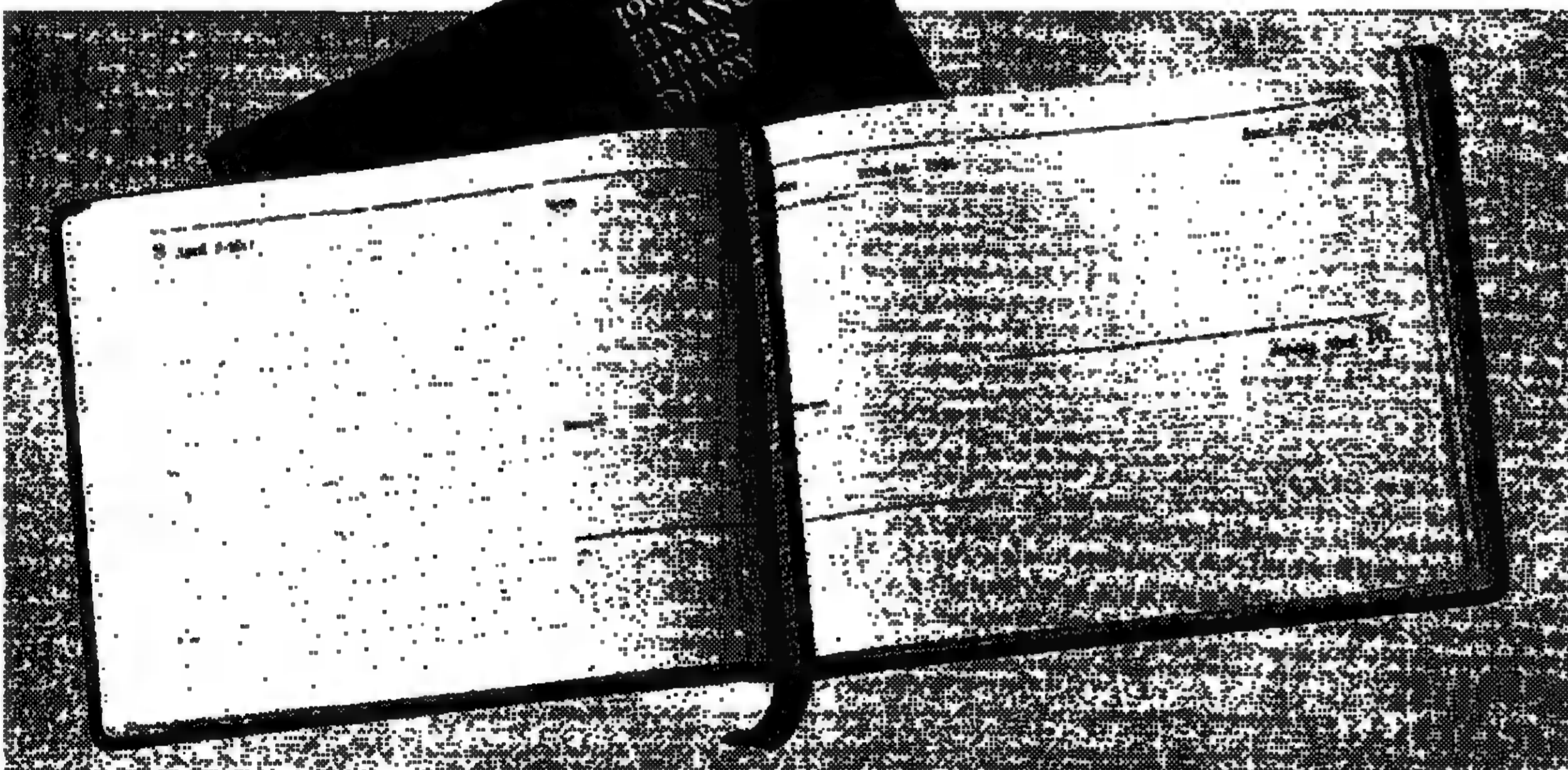
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S.G. Warburg and Morgan Stanley

Richard Waters, John Gapper and Norma Cohen on the background to the investment banking industry's biggest leap yet

Consummation could spark further marriages

The birth of the international investment banking industry has moved in fits and starts in the past 15 years. Many initiatives have proved disastrous - the abortive moves by US commercial banks like Citicorp and Chase into the London stockmarket in the mid-1980s, for instance.

But with the proposed combination of Morgan Stanley and S.G. Warburg, the industry would take its biggest leap yet. A consummation of the deal could also spark other mergers and acquisitions among other investment and commercial banks, according to industry executives and analysts.

The growth of international investment and cross-border takeovers - and a general belief that, given the heavy costs involved,

The logic in combining a US and a European bank has been apparent for some time and has led to some serious discussions

there is only room for a small number of banks with global reach - lies behind the move.

"There are likely to be only a handful of banks dominating international capital flows," says Mr William Hartman, until recently a New York-based investment banking analyst with JP Morgan. "They want to get a headstart on the rest of the world."

The logic in combining a US and a European bank has been apparent for some time, and has led to some serious discussions in recent years.

UBS is understood to have discussed a takeover of Lehman Brothers, but backed off partly out of a concern about the culture clash that would result from absorbing a pushy US investment bank.

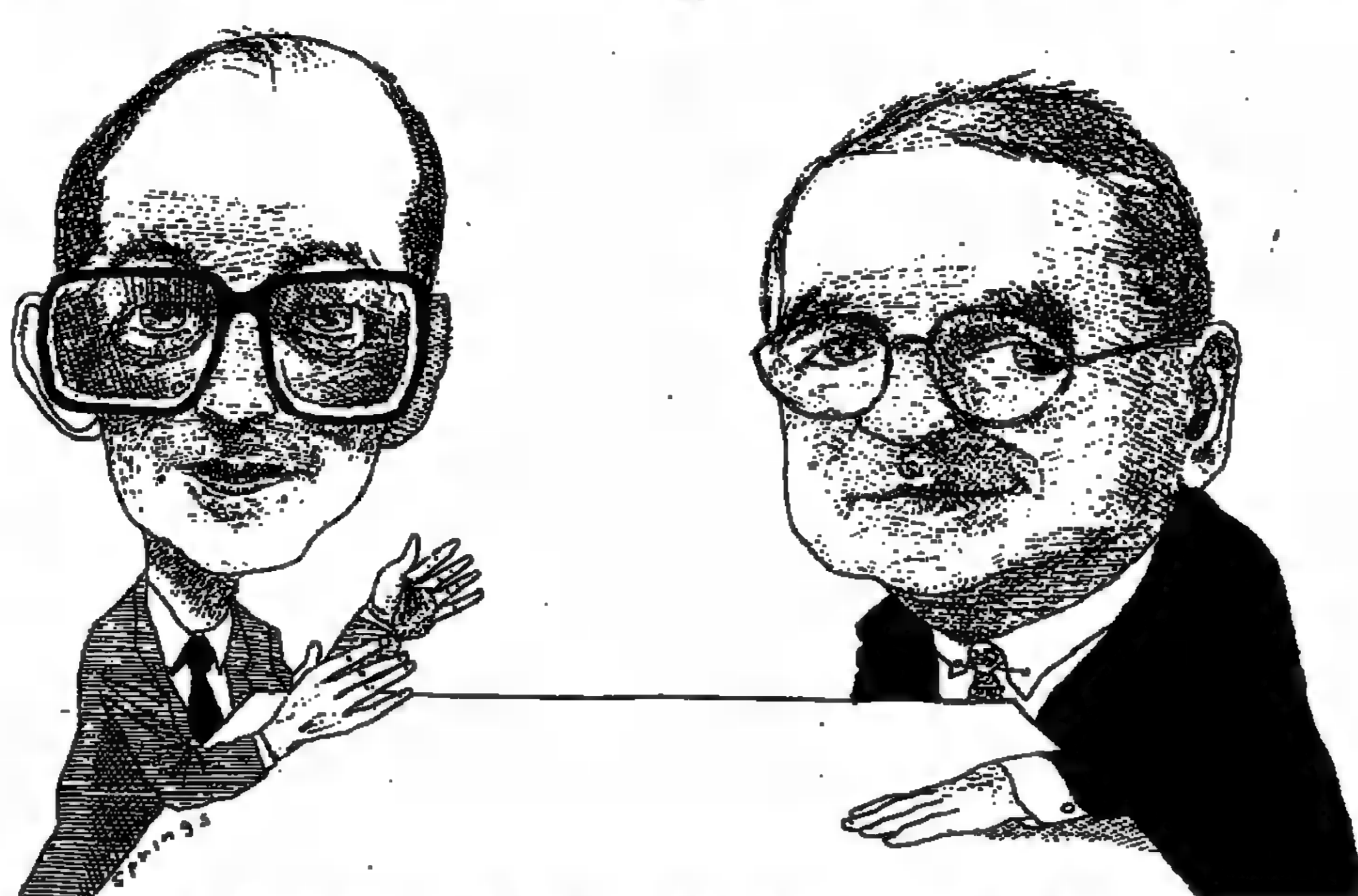
Barclays revealed recently that it is looking to expand its presence in the US, either through an association or by takeover. Warburg's name has frequently been linked in takeover rumours with JP Morgan, the US bank which was forced to part with Morgan Stanley by the 1933 Glass Steagall Act.

There are some obvious reasons why Morgan Stanley and Warburg might consider that the timing for such a deal is finally right.

First, international capital flows - and in particular overseas investment from the US - has picked up fast in the past two years. Wall Street's so-called "bulge bracket" firms, long used to making their profits in the US markets, have found that the trading technology and skills developed in the US can be exported profitably to other markets. Morgan Stanley is estimated to be making around 60 per cent of its profits overseas.

Second, recent poor results at Warburg have highlighted a strategic dilemma that the bank has faced for some time. Though generally acknowledged as the leading home-grown investment bank in the UK, it has lacked the capital base and the trading skills - particularly in the bond and derivatives markets - to compete internationally with its bigger US rivals.

The US banks, meanwhile, have invested a large slice of what until this year were strong domestic profits in building their international



Lord Cairns, Warburg's chief executive (left) and Dick Fisher chairman of Morgan Stanley

presence. This has resulted in a massive build-up of resources by US banks in London in recent years. Morgan Stanley, for instance, employs nearly 2,000 people in Europe's financial centre.

The third explanation for the timing resides in Morgan Stanley's own financial position. In common with its main rivals, the bank's capital base expanded fast in the early 1990s on the back of record profits. Putting this capital to productive use has become something of a challenge.

At the end of last year, Morgan Stanley's shareholders funds stood at \$4.5bn, half as much again as two years before. With weak financial markets, it has been hard to earn a good return on this bigger capital base - though at around 10 per cent, the bank's post-tax return on equity still puts it ahead of most competitors this year. Only Merrill, at over 15 per cent, has done better.

A big investment overseas would provide Morgan Stanley with a bigger presence in more overseas markets.

By contrast, the relative weakness of Warburg's capital base and revenue stream has been seen by analysts as one of the factors preventing it competing with US firms. Warburg had shareholders funds of just over \$1bn at September 30. Although this is enough to run existing businesses, it meant it would have had difficulty expanding by acquisition.

"This was inevitable," said a partner at one of Warburg's US-based competitors. "They were trying to build an international investment

bank without an international bank's revenue base." For all the success of its UK and European equities business, Warburg found it hard to generate sufficient volume in what is still a highly fragmented European market to match the US banks.

"This says that Warburg believes its strategy is not ever going to succeed," said the chief executive of one UK-based investment bank which has also pursued an integrated approach, albeit on a more modest scale. "They had no hope of ever overtaking the Americans in their own backyard," he said, noting that without a significant sales and trading presence in the US, it is impossible to be a global bank.

But the merger also represents some reversal of strategy by Morgan Stanley. Both firms have invested substantial amounts in each other's markets in recent years. Warburg, for instance, has built up a 300-strong US equity business in New York in the past two years, and bought a Chicago-based derivatives company.

There is even bigger overlap in operations in London. Although Morgan Stanley has a far bigger presence in the non-sterling fixed income markets than Warburg, many of the two bank's activities overlap. Referring to London, one person close to the deal says: "It's obvious where the biggest redundancies are going to be."

However powerful the logic to the deal, there remain many questions about how effective it would prove in practice. The most prominent: how would the bank be run, and how easily would the two banks' cultures combine?

There are considerable challenges both in bringing together businesses with different cultures and pay scales. "It will be a hell of a first year or two will be spent sorting out all the places where they are doubled up, and that will divert quite some energy," said one chief executive of a UK investment bank. Given their respective sizes, it seems inevitable that the new group would be dominated by Morgan Stanley.

This echoes the trend among other investment banks to organise their global operations around business lines, such as equities or

Given their respective sizes, it seems inevitable that the new group would be dominated by Morgan Stanley

bonds, rather than around geographic regions. But it would also tend to leave the bigger shareholder in firm control.

"This is not a takeover of Warburg by Morgan Stanley," says the executive. Some of the enlarged bank's operations may end up being run from outside the US - the head of Morgan Stanley's equity business is based in London already, and the bank's board occasionally meets outside the US. But such arrangements will not disguise where the true power in a merged firm lies.

■ THE RIVALS REACT: By David Wighton and Norma Cohen

Caught in the blast of Big Bang's second barrel

Some of Warburg's London-based rivals were putting on a brave face yesterday. But most admitted privately that a merger would pose a powerful new competitive threat to them and could precipitate a fundamental restructuring of investment banking in London.

Eight years after London's Big Bang, some of the changes predicted then may be about to happen.

"The second barrel of Big Bang is being pulled. There are many more deals to come," said one senior merchant banker.

Mr Peter Meinerzhagen, chairman of stockbrokers Hoare Govett, said: "Although it does not change the landscape completely, it points to a

period of more consolidation in London."

Analysts said the merger proposal might prompt other banks which have looked at Warburg in the past to improve on Stanley's terms or, more likely, to look elsewhere in London.

"The merger throws down a gauntlet to other international investment banking groups. The likes of HSBC, Deutsche Bank and Dresdner are keen to expand in London but there are not many properties to go round," said one analyst.

Deutsche recently announced plans to centralise all its investment banking operations in London and most observers argue that the War-

burg merger will if anything strengthen London's position as a financial centre.

In competitive terms, the deal would appear to threaten other London banks which have pursued the same integrated strategy as Warburg, offering a full range of trading services, as well as fee-based advice to their clients.

"Firms like Kleinwort Benson will now look even smaller in global terms. The merged company will be a more formidable competitor for the international issue work, where Kleinwort has been so successful," said one analyst.

The head of another investment bank said Warburg's move will force his own board

to examine more closely its strategy, which has employed a more cautious approach to overseas expansion and to the development of an international distribution network.

Such integrated investment banks were introduced to London with Big Bang. The City still remains dominated by the old structure of independent merchant banks and brokers. But many of the market practices which support the existing structure - notably the traditional rights issue, and pre-emption rights - are coming under attack.

"The old idea that merchant banks can merely give advice, without providing equity distribution as well, has had its day," said the head of

one independent stockbroker. "Warburg's strategy has been absolutely right. The problem is that it is just not big enough to compete with the Americans internationally."

Yet many of the independent merchant banks, such as Schroders and Lazard Brothers, have continued to thrive and believe change, if it comes, will be slow.

Many are sceptical about the reasons for the proposed merger and claim that, if it goes ahead, it will present opportunities for them.

One leading merchant banker said: "This is an elegant way for both companies to address their excessive overheads. There will be blood on the carpet in London and New York,

enabling their rivals to pick up good staff cheaply." Others state confidently that Warburg will lose clients. "Some of Warburg's more conservative UK clients may think twice about staying with a US-dominated firm," said a rival investment banker.

But most observers believe the merger will accelerate London's move towards the US system of integrated investment banks.

"Ten years from now, distribution will be much more important than it is now," said the chairman of one merchant bank which has eschewed building a worldwide distribution network. "What we do remains to be seen."

■ S.G. WARBURG: By Robert Peston

Sir Siegmund's rich legacy

One banker likely to have been sceptical about the merits of a merger between S.G. Warburg and Morgan Stanley would have been the late Sir Siegmund Warburg, who founded the London-based firm after the second world war.

In a rare interview given to Euro money in 1980, he suggests that the sheer size of the combined businesses would have troubled him: "What worries me, very much quite frankly, is that we are already getting too big on both sides of the Atlantic," he said.

He would also have been concerned about whether the cultural differences between the two organisations might cause problems: "One general reservation which I feel about some... of the US investment banking houses is that they put too much emphasis on measuring, almost from month to month, what a specific partner produces. I don't even like the way they pronounce the word - not produce, but 'prodoose'. All this emphasis on producing - that is all right for a cow, but not for a human being."

S.G. Warburg has come a very long way since that interview. Then it employed around 550 people. At the end of its last financial year, staff numbers were 4,472.

Under Sir Siegmund's stewardship, it was in the tradition of a European *banque d'affaires*, concentrating on giving advice to companies on a variety of deals. It occasionally thought up new securities (Warburg is often credited with creating the Euro markets) and it initiated the UK's first hostile takeover attempt. Periodically, it made slightly wacky investments (for example, in an advertising company).

A variety of picaresque stories about Warburg entered into City of London folklore, most of them true.

These included the use of a Swiss graphologist, or handwriting analyst, to assess potential employees (still used today), the practice of eavesdropping on colleagues' business phone calls to eliminate the notion of secrecy within the firm (no longer widespread because of city regulations) and holding two lunch sittings, to double the number of clients who could be entertained (though frugally, without wine).

The strategy which has brought Warburg to consider a merger with Morgan Stanley was adopted in 1984 by Sir David Scholey, soon to retire as the bank's chairman, and was regarded by Sir Siegmund as his "adopted son". That was when War-

burg decided to become an "integrated" investment bank, or financial supermarket for big companies, combining the traditional advisory functions of a merchant bank with securities trading.

It bought two London stockbrokers, Rowe & Pitman and Cazenove & Company. In the six months to September 30, its profits, excluding MAM, were negligible.

Warburg had one outstanding success in its fund management arm, Mercury Asset Management, the UK's highest money manager. But the core investment banking business has produced a lower return on capital than some of its bigger US rivals, such as Goldman Sachs, or its more specialist domestic rivals, such as Schroders, Smith New Court or Cazenove & Company. In the six months to September 30, its profits, excluding MAM, were negligible.

By considering a merger with Morgan Stanley, it is adopting the argument that "critical mass" is vital to its success. So perhaps Sir Siegmund should have the last word: "The danger is that the bigger a company becomes, the more difficult it is to deal with it on a personal basis, and the more you become slaves of a big bureaucratic machinery."

■ MORGAN STANLEY: By Patrick Harverson

Elite child of a depression

Morgan Stanley was born, sixty years ago next September, an offspring of the 1929 stock market crash and the Great Depression. Amid the economic calamities of the era, a Congress eager to strengthen the foundations of the nation's financial system passed the Glass Steagall Act of 1933, enshrining the separation of the commercial banking and securities businesses in the US.

Forced to choose between the two businesses in 1934, JP Morgan - Wall Street's dominant firm - elected to concentrate on banking. Within a year, a group of senior partners at JP Morgan resigned and joined forces with several partners of the Philadelphia firm of Drexel & Co to form a new organisation for the underwriting and marketing of investment securities. Under the leadership of Harold Stanley and Henry Morgan, the grandson of JP Morgan, the firm of Morgan Stanley set up business at Number Two Wall Street on September 16, 1935.

In its first full year, Morgan Stanley managed or co-managed \$1.1bn of public offerings and private placements, or 24 per cent of the entire market, and from that auspicious start it never looked back. In the ensuing 40 years, Morgan Stanley

grew into Wall Street's most successful and prestigious wholesale securities firm.

Throughout its prime, Morgan Stanley was sustained by a corporate culture that set the firm apart from the trading pack. Hiring the best and the brightest from the country's top families and universities, the firm molded its executives into an elite corps which cultivated a mystique that impressed clients and intimidated rivals.

By the 1970s, although the firm was one of the biggest underwriters of securities in the US, it began to diversify into securities trading and later, the rapidly-growing and glamorous business of mergers and acquisitions, where Wall Street's pre-eminent dealmaker, Mr Robert Greenhill, led the way throughout the M&A boom years in the 1980s.

But the firm's dominance began to slip as its competitors adapted faster to a rapidly-changing world. In 1986, the firm went public to secure access to the capital the biggest securities houses increasingly needed to compete in US and global capital markets.

Although it was still regarded as the best-managed of Wall Street firms - its return on equity consistently outstripped those of its rivals

in the mid and late 1980s - the future appeared to belong to the new giants of Wall Street, such as Goldman Sachs (which took over Morgan Stanley's mantle as the elite of the industry).

By the start of the 1990s, Morgan Stanley was just one of several dominant "bulge bracket" firms in the securities industry. The balance of its business had shifted away from stock broking and underwriting and towards proprietary trading, and its M&A business was enduring the sharp decline in deal activity apparent across Wall Street. The M&A department later suffered a blow when Mr Greenhill left the firm in June 1993 to join securities house Smith Barney taking a dozen top investment bankers with him.

In the last two years, the firm has bounced back, moving rapidly into the burgeoning derivatives business. Although its earnings have been hit by the sharp downturn in the securities industry this year, it has pursued an aggressive expansion strategy, focussing primarily on building up its presence in overseas markets. Mr John Mack, Morgan Stanley's ambitious president, said recently that the firm's goal was to be the "Number One global investment bank".

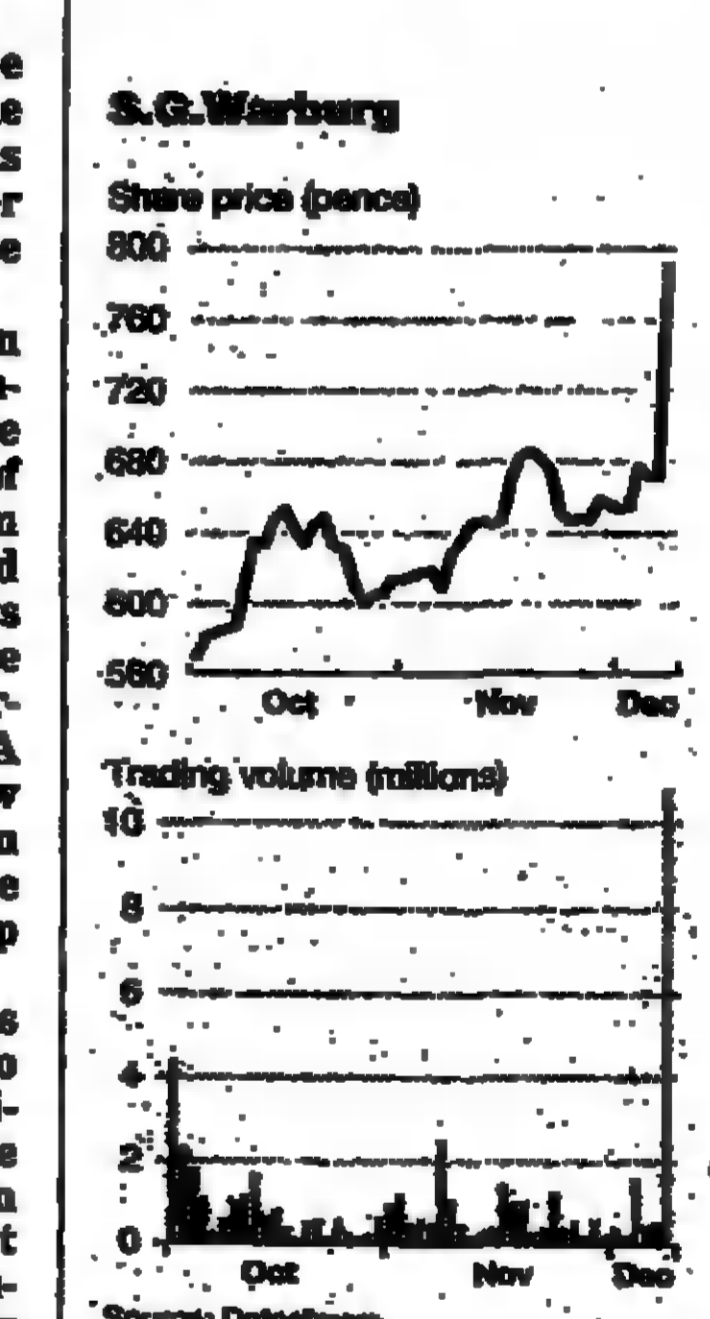
■ SHARE TRADING

Exchange stamps on rumours

The Stock Exchange again demonstrated yesterday its commitment to force companies to make public statements when there is an unexpected surge in trading in their shares. Robert Peston writes.

Yesterday's victim was S.G. Warburg, one of the Exchange's own member firms. After a flurry of trading in Warburg's shares when the market opened at 8.30am, the merchant bank was forced to announce - a week ahead of schedule - that it is in merger talks with the US investment bank, Morgan Stanley.

However the rumour sweeping the stock market which led to this surge made no refer-



ence to Morgan Stanley. The speculation was that Hongkong and Shanghai Banking Corporation was about to launch a tender for 14.9 per cent of Warburg. The previous day there had been a rumour linking Warburg with J.P. Morgan - speculation that has surfaced several times over the past few years.

The announcement of the actual transaction being negotiated by the two banks was made at 10.48am. Prior to that, 2.1m Warburg shares had been traded, almost four times the total for Wednesday, a typical day.

Because of this unexpected increase in trading volumes, the Exchange had telephoned Warburg's stockbroker, Cazenove, at around 8am, to inquire whether there was a reason to put Warburg's shares on "indicative" status. That would have temporarily relieved market makers, the wholesalers of shares, of their obligation to deal at prices quoted on the SEAI computerised share price system - and would have been a signal to the market that a statement would be coming. Before the shares went indicative, at 9.55am, Cazenove contacted its client, Warburg - which then woke up the management of Morgan Stanley in the US.

■ THE FIT: By Conner Middelmann and Patrick Harverson

A promising merger across different cultures

At first sight, S.G. Warburg and Morgan Stanley are like chalk and cheese: the former a brash Wall Street deal-maker, the latter an understated UK merchant bank.

Yet, while the two houses might find it challenging to reconcile their sharply differing corporate cultures, they do have some traits in common - including a certain blue-blooded history - and many aspects of their businesses are complementary.

In particular, Warburg has a very modest presence in the US capital markets, while Morgan Stanley is among the leading Wall Street houses. It is a prominent force in all areas of US activity - equities, bonds and corporate finance - and is also a leading player in global

fixed-income, foreign exchange and commodities.

In Europe, Morgan Stanley has been building up a sizeable presence from its London base, but it would benefit from Warburg's strong corporate client list and trading position in the UK and on the continent. In the UK, in particular, Warburg enjoys one of the biggest and most prestigious lists of clients for corporate advisory work.

Despite Morgan's European expertise in equity research and cross-border takeovers, it has made little headway in UK corporate finance and distribution, observers say.

A merger could put the banks at the top of the cross-border mergers and acquisitions league table. According to Securities Data, Morgan

Stanley ranked second in the year to date, with deals worth \$77.8bn, while Warburg was in 10th tenth place at \$19bn.

The combined bank would also be a powerful force in the fast-growing area of international equities issuance. So far this year Morgan Stanley ranked third in the world, with bookrunning mandates worth \$2.9bn, while S.G. Warburg ranked fifth, with bookrunning mandates of \$2.3bn.

The jewel in Warburg's crown is Mercury Asset Management, the highly profitable fund management arm of which it owns 75 per cent.

Here too the banks are complementary: Warburg is strongest in UK/European equity

GLOBAL MERGERS			
Advertiser	Value (\$bn)	Market share (%)	Deals
Goldman, Sachs	85.85	14.0	145
Morgan Stanley	77.78	12.7	117
Merrill Lynch	58.58	9.5	121
CS Fat Boston/Cred Suisse	48.96	8.0	128
Lehman Bros	46.43	7.8	124
Salomon Bros	46.36	7.5	92
Lazard House	35.94	5.7	79
J.P. Morgan	25.44	4.2	77
Smith Barney	22.12	3.6	65
S.G. Warburg	19.12	3.1	70

and international fixed-income investment, while Morgan Stanley shines in US and emerging market investing.

The main area of overlap between the two is in the Far East, where both companies are significant players in the primary equity markets.

There is also likely to be substantial duplication of resources on the research side of the business, particularly in Europe.

Both houses have a reputa-

HOW THE BANKS COMPARE			
EUROBONDS		INTERNATIONAL EQUITY ISSUES*	
Bookrunner	Amount (\$bn)	Market share (%)	Issues (\$bn)
Merrill Lynch	33.82	8.2	101
Cred Suisse/CS Fat Boston	27.33	6.5	144
Goldman, Sachs	21.76	5.2	91
Nomura	20.89	5.0	186
Swiss Bank Corporation	20.20	4.9	141
Union Bank of Switzerland	16.57	4.0	78
Lehman Bros	16.54	4.0	80
Morgan Stanley	16.94	3.9	85
J.P. Morgan	15.74	3.8	88
Dahen Securities	14.20	3.4	84

S.G. Warburg is placed 21st with \$4.6bn of deals

tion for excellent investment research, especially in equities. This year, Warburg topped the closely-followed Exel league table of UK-based analysts for the fourth year running. Morgan Stanley was in eleventh place, but also boasts several highly regarded equity analysts in London.

In the US, the 1994 survey of US brokerage analysts by Institutional Investor magazine ranked Morgan Stanley sixth best, a slight slip from its fifth

ranking last year.

Probably its best-known analyst is emerging markets strategist Barton Biggs, whose bullish stance on China last year prompted a remarkable surge in Hong Kong share prices.

The risk of merging two high-powered research teams is that some of the most highly-regarded analysts may feel eclipsed by the competition - and leave. "You can only have a limited number of prima donnas at any one bank," says one

analyst.

Indeed, merging two institutions with such distinct cultures could be a painful and complicated process. "You've got to do a lot of smoothing: strategies, technology, and, most importantly, people's egos," says one banker. "This bears the risk of demoralising staff, leading to defections." The best people often leave when companies undergo such radical overhauls," he says.

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Hypo-Bank holds out against markets decline

By Andrew Fisher in Frankfurt

Bayerische Hypo-Bank yesterday announced a set of 10-month results that compare favourably with those of other leading German banks, which have suffered steep declines in profits as a result of weak bond markets.

The Munich-based bank said group operating profits were 6.5 per cent lower at DM807m (\$514m). Mr Eberhard Martin, chairman, said the year-end figure should be about the same as 1993's.

Like its German competitors, Hypo-Bank suffered from the downturn in bond markets, with its own-account trading in securities, foreign exchange and other financial instruments showing a loss of DM68m against a profit of DM174m in the

same period last year.

However, the bank showed a 9.4 per cent rise, to DM1.6bn, in partial operating profits, which reflect basic loan, savings and other customer business. This was mainly attributed to a 12.5 per cent increase in the interest surplus, to DM3.4bn, reflecting an improved interest rate margin and an expansion of its mortgage banking business.

Hypo-Bank's commission surplus eased by 4 per cent to DM731m. This was mainly because of lower securities business, with payments transactions up considerably and lending fees showing a slight improvement. Loan-loss provisions were 9 per cent lower at DM57.2.

Dresdner Bank, Germany's second biggest bank, wants to build up a strong investment

banking unit in London, Reuters reports from Frankfurt.

Dresdner said there was no question of it turning its back on the Frankfurt financial centre. "We want, rather, to build up successfully a strong investment banking unit in London," it said.

It said any large international bank seeking a role in investment banking had to have a presence in London.

The bank was responding to a question about an article in the financial newsletter *Platow* Brief which said Dresdner was planning a strategic restructuring of its activities in London.

In October, Deutsche Bank, Germany's largest bank, said it planned to concentrate all its investment banking activities under a single management structure in London.

GrandMet sells US canning plants

By Frederick Oram in London

Grand Metropolitan, the UK food and drinks group, is to sell its US vegetable canning plants to streamline the operations of its Green Giant brand.

A similar move on the frozen food side of Green Giant, one of the leading US brands, has already helped it to increase its market share.

The deal will entail a \$42m (\$65.7m) charge in the current year, only a week after GrandMet announced in its year-end results that it had identified all such restructuring charges for the "foreseeable future".

It is a little bit niggling to have this stream of restructuring charges. It's typical of GrandMet," one food analyst said.

GrandMet's Pillsbury subsidiary is selling six largely seasonal plants to Seneca, a New York State-based canning operation with plants across the US. The UK group will receive \$46m over the next 15 years. Pillsbury will take the charge for closing another four plants.

Pillsbury estimates that economies of scale from the deal will save it \$21m a year and release \$172m in fixed and working capital.

Pillsbury will retain control over seeds supplied to farmers, which it said was the key element in Green Giant's quality. It will also retain the brand, marketing and distribution of the canned vegetables.

"We are in a position to concentrate on product development and marketing and let our processing partners do what they do best," Mr Paul Welsh, Pillsbury chief executive, said.

Canned and frozen vegetable account for equal shares of the \$4.3bn-a-year US prepared vegetable market.

Green Giant is number one and growing on the frozen side, but number two to Del Monte and declining in canned products.

Moreover, demand for canned vegetables is stagnant, partly because product innovation is harder than in frozen goods.

Tough times for Swatch-maker

Doubts on SMH's future have hit the share price, writes Ian Rodger

Investors seem to be having their annual case of jitters over SMH, the dominant Swiss watchmaking group.

The registered shares of the maker of Swatch, Omega, Tissot, Rado, Blancpain and Longines watches have tumbled 14 per cent in the past three weeks to reach a two-year low yesterday of SF137.

A year ago, a similar burst of selling pressure greeted the news that Mr Stephan Schmidheiny, the Swiss financier, was withdrawing from the board and reducing his investment in the group.

This time, the decline follows the announcement by analysts that they had lowered their forecasts of SMH's profits for the current year. However, the analysts themselves dismiss this as a cause, because it was already widely-known that this year's earnings would be hard hit by the effects of a strong Swiss franc.

The worries today are more fundamental: there are doubts over the staying power of the vital Swatch brand, over the potential for the so-called Swatchmobile micro-car project with Germany's Daimler-Benz, and over the eccentric style of the 66-year-old chairman and controlling shareholder Mr Nicolas Hayek.

If this product line can restore stability in the Swatch range, then the potential for a group profit recovery next

and cheerful plastics watches have long since become the group's core product, with sales of over 20m units annually.

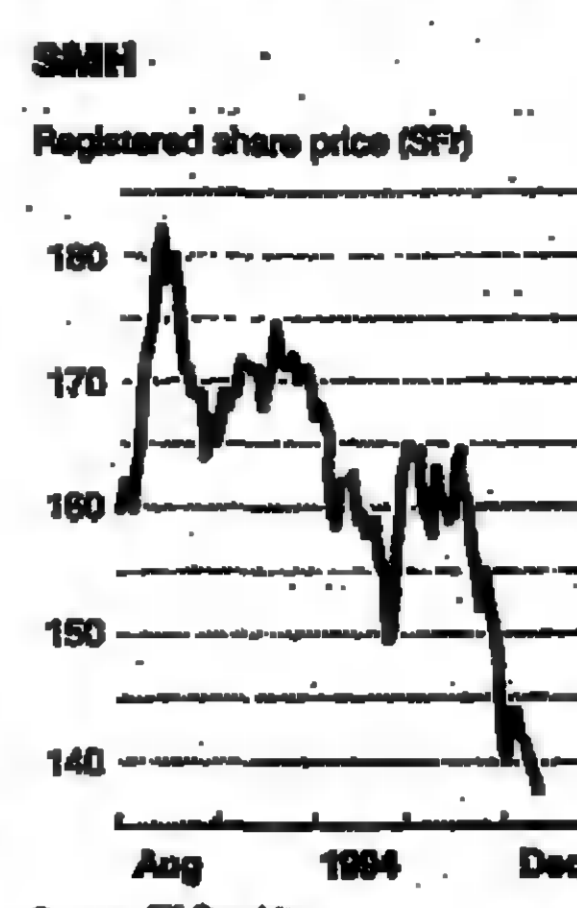
With prices deliberately kept low, Swatch sales do not produce big profits, but rather huge cashflow which helps to cover the cost of developing and producing all watch components.

After a decade of phenomenal growth, Swatch sales stagnated last year, leading to questions over whether the brand's popularity was slipping into irreversible decline.

Unfortunately, SMH's erratic disclosure policy makes it difficult for investors to gather evidence and make an informed judgement. In August, it said Swatch exports were down by between 10 and 15 per cent in the first half, but Mr Hayek said last month sales had been growing again since the autumn.

The group belatedly acknowledged Swatch's failure in the US and most east Asian markets, where plastic is not seen as fashionable. It has just launched a line of "Swatch Irony", low-cost metal watches, to try to regain ground in these markets.

If this product line can restore stability in the Swatch range, then the potential for a group profit recovery next



those inclined to buy would do better to pick up the bearer shares, which are at a 14 per cent effective discount to the registered.

But even if the Swatch problem is solved, analysts remain nervous about other factors. After three years of rumours about the Swatchmobile, SMH and Daimler-Benz finally announced last week that they would this month choose a site in France or Germany for an assembly plant.

SMH's record with putting the Swatch brand on other products, mainly telephones, is not strong, and the car project represents a much bigger investment.

Still, analysts point out that SMH has large liquid reserves and a very healthy cashflow. "It is not a financial problem," says Mr Tisot. "It is a question of profitability. Margins in the car business are not like those in watches."

He also worries about signs of nepotism. Mr Hayek's son Nick has become a Swatch marketing director and his grandson Marc is also involved. "The grip of the Hayek family is a source of concern," he says.

Mr Polydor is more relaxed. "It could be a problem in the medium term, but for the time being there is a management team that is making the strategy."

Mannesmann unit confident

By Michael Lindemann in Bonn

Mannesmann Mobilfunk (MMF), Germany's first private mobile telephone operator, said it would for the first time make a "significant" profit in 1994, after almost doubling turnover.

The company is also changing its tariff structure next year in an attempt to capture more of the mass market, a move which it expects to result in a further big increase in sales.

Its D2 mobile telephone net is expected to have 350,000 subscribers by the end of the year.

up from around 500,000 this time last year.

Turnover in 1994 rose 88 per cent to DM1.7bn (\$1.1bn) from DM902m the year before. The group would not give any details about likely profits in 1994, but analysts expect them to be between DM100m and DM150m.

Around DM2.4bn has been invested in MMF since the company - a subsidiary of the Mannesmann engineering group - was started five years ago.

Another DM1.6bn will be invested over the next five

years to increase the capacity of the D2 mobile telephone net, especially in airports and railway stations where there is an unusually high number of users.

Recently, MMF has taken the battle for the mobile telephone market to its two competitors, DefelMobil, a subsidiary of Deutsche Telekom, and E-Plus, a consortium run by Veba and Thyssen.

Last month, MMF slashed the cost of calls on its D2 network, a move DefelMobil was obliged to copy shortly afterwards.

UK retailer pays special dividend

By Neil Buckley in London

Great Universal Stores, the UK mail order, retail, property and financial services group, is to hand £300m (\$482m) of its £1.5bn cash pile back to shareholders in the form of a 30p a share special dividend.

The proposed dividend was announced as the group revealed a 5.5 per cent increase in pre-tax profits for the six months to September 30, to £225m from £213.2m.

But with the special dividend

payable only to those holding shares yesterday, and the smaller than expected profits, GUS shares fell 35p to 450p.

Mr Richard Fugh, deputy chairman, said the group had been seeking ways of redistributing for some time. It said a special dividend was the "most equitable" way of giving money back to shareholders, but had to stay "within certain parameters" to gain approval from the Inland Revenue.

The move by GUS last year to enfranchise its non-voting

shareholders sparked hopes of a change of culture in one of the more conservative FT-SE 100 companies.

Speculation that GUS might launch a share buy-back resurfaced following the £508m buy-back by fellow retailer Boots last month, and some analysts were disappointed that GUS chose a special dividend. Others were disappointed by the size of the pay-out and suggested GUS might pay further special dividends.

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BSkyB plans closer ties with BT

By Raymond Snoddy in London

British Sky Broadcasting, the satellite television venture which yesterday made its stock market debut in New York and London, is planning a close relationship with British Telecommunications.

BSkyB shares, priced yesterday at 250p, opened at a premium. In London, the shares closed at 268 1/2p. In New York, American Depositary Shares offered at \$24.05 were trading at \$25 1/2.

Last month BSkyB, valued yesterday at \$4.4bn (\$6.9bn), and BT announced a marketing tie-up to offer discount telephone services to satellite television subscribers. Other, more

extensive links between the two organisations, which see themselves as natural allies, are now possible.

BSkyB, in which Pearson, owner of the Financial Times, has a significant stake, has been planning for some time a move into digital television.

The "black boxes" now being developed have an internal modem to enable data communication down existing telephone lines.

The aim is to use a telephone data link to enable viewers to order automatically films of their choice using a keypad. At least at the outset, the intention is to offer "near-video-on-demand". Such a system involves broadcasting a small number of the top films on a

large number of channels with staggered starts, so viewers are never more than 15 or 20 minutes away from the beginning of a film of their choice.

The system, which would involve extra business for BT, could also be developed for home shopping services.

BSkyB, which plans to add the Disney Channel to its roster of channels next autumn, would also like to provide programming and marketing services if BT launches video-on-demand nationally using telephone lines.

More than 500 financial institutions around the world bought into the BSkyB share offer, which was more than five times subscribed in the UK and nearly six times in the US.

Ares-Serono plunges 40% in third quarter

By Ian Rodger in Zurich

Ares-Serono, the Geneva-based biotechnology drugs group, has reported a 40 per cent slide in net income in the third quarter to \$8.3m, mainly because of a surge in research spending.

Sales were flat at \$145.6m, reflecting the group's rapid adjustment to the removal last year of many of its products from the approved medical list in the Italian market.

R&D spending rose more than a third to \$35.1m, as the group stepped up its efforts in developing products in the field of immunology/oncology. Pre-tax profit fell 40 per cent to \$10.4m.

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INTERNATIONAL COMPANIES AND FINANCE

Shares in US airlines plunge on profits warning

By Richard Tomkins
in New York

Shares in Continental Airlines and Southwest Airlines, two of the biggest US carriers, plunged to 18-month lows yesterday after the companies warned their fourth-quarter results would be badly hit by fare wars in the US market.

Other airline stocks took a hammering as gloom over the industry's prospects reassessed itself. Earlier this year a spate of good results had given rise to hopes that the sector was recovering from years of losses caused by overcapacity and cut-throat competition.

The biggest disappointment came from Southwest Airlines, which until now had enjoyed a long period of unusually strong profits growth by offering no-

frills services at fares well below those of other airlines.

Southwest was able to offer these low fares because its costs were much lower than those of the other big carriers. But the other airlines have been hitting back, trying to mimic the Southwest formula with their own low-cost services and forcing Southwest's fares even lower.

On Wednesday, Southwest warned that its passenger yield - the average fare per passenger per mile - could be down by as much as 9 per cent in the fourth quarter, resulting in net earnings well below the comparable period's 26 cents a share.

Its shares were 3% down at \$16.4 at midday yesterday, a fall of 22 per cent.

Shares in Continental Airlines were even worse hit - at

midday, they were down 3% at \$9.4, a fall of 34 per cent, - after the company warned that losses in the fourth quarter would be significantly deeper than expected and capacity would be reduced by 7 per cent in January as a result.

Analysts had already been predicting a loss of 70 cents a share for Continental because the airline's no-frills Continental Lite service, launched last year as a rival to the services offered by Southwest Airlines and other low-cost carriers, has run into difficulties.

Airline stocks sank on fare wars fears. UAL, United Airlines' parent, was down 3% at \$88.4; AMR, American Airlines' parent, was down 1% at \$49.4; USAir was down 4% at \$44; and Delta Air Lines was down 1% at \$47.4.

CME to centralise trade in swaps deals

By Laurie Morse in Chicago

The Chicago Mercantile Exchange said yesterday it would create a centralised trade processing organisation for the large over-the-counter market in interest rate swaps.

The CME plan offers swaps dealers trade valuation and collateral depository services, while stopping short of clearing or guaranteeing transactions.

The exchange, whose membership includes most of the world's top swaps dealers, said the swaps collateral depository would help increase the stability and security of derivatives transactions worldwide. However, swaps dealers said the CME's facility would attract business only if less expensive than the current system, where dealers process their own swaps trades bi-laterally.

Several banks and derivatives dealers have attempted to organise similar swaps processing services. However, competitive concerns have limited their use. The CME will be the first independent entity with enough experience to offer swaps processing services.

The exchange has two high-profile partners for the venture. The international bank data communications and processing system, known as Swift (Society for Worldwide Interbank Financial Telecommunication) will be used to deliver the transactions to the CME depository.

The depository will use software supplied by SunGard Capital Markets to value, or "mark to market", the transactions and administer the collateral. The Swift message system and the SunGard software are widely used in the global derivatives industry.

CME officials said they expect the collateral depository would be organised as a separate legal entity and would open for business next autumn.

Foreigners lift Wall Street blues

Bankers are thankful for overseas IPOs, writes Patrick Harverson

With the market for initial public offerings (IPOs) in the US suffering a sharp drop in activity this year because of rising interest rates and a slumping stock market, Wall Street investment bankers have been thankful for one thing: sustained interest from foreign companies in seeking US listings for their IPOs.

Although US companies raised only \$25.5bn in the first 11 months of this year - well down on 1993's record total of \$40.8bn - the volume of IPOs by foreign companies is up on a year ago, albeit only slightly. Foreign issuers - many of them newly-privatised companies of Latin America and Europe - have already raised \$5.8bn this year, and are on target to just exceed 1993's record 12-month volume of \$6.3bn.

Apart from the international side, however, the IPO market remains disheartened, mostly because the secondary market is in such a sorry state. The Dow Jones Industrial Average has dropped 6 per cent since approaching its year high in late October, and investors are fearful that the Federal Reserve's aggressive tightening of monetary policy this year will undermine economic growth and corporate profitability.

In expectation of further rate increases and lower earnings, some investors have begun to switch funds out of stocks and into fixed-income investments, where yields are higher. To Wall Street underwriters, this is worrying: mutual funds have been big buyers of IPOs in recent years. Mr Ernesto Cruz, head of equity capital markets for North and South America at CS First Boston, says: "The material that fuels the IPO market fund buyer is cash inflows, and they are slowing down as individual investors become cautious about putting further money to work in the stock market."

Against this background, selling new IPOs is likely to be difficult. Although reaction in US economic and earnings growth will not affect the performance of foreign equities, the market's sourness may reduce demand for non-US IPOs. Increasingly wary investors are likely to adopt a safe-first approach - and among US institutions and individuals, foreign stocks do not top the list of low-risk investment vehicles.

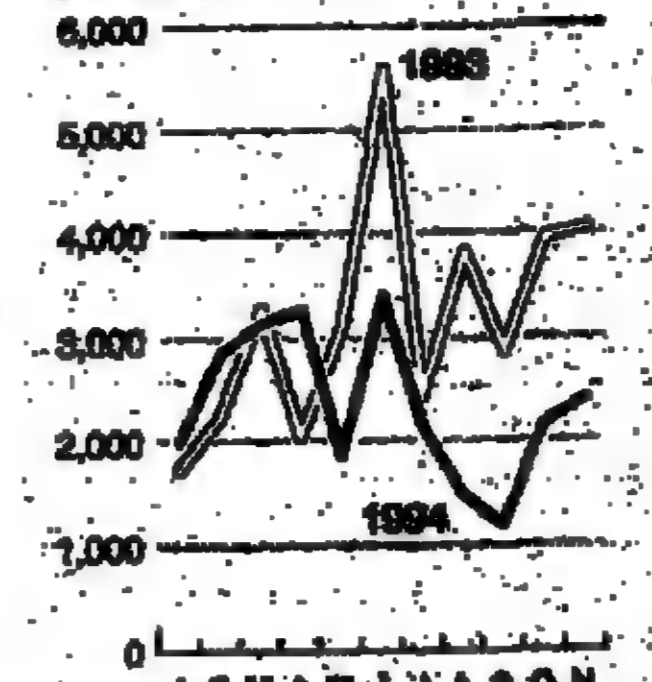
However, many investment bankers on Wall Street believe that US investors' interest in foreign stocks is less fickle than it seems. Although investors have been looking overseas because returns there have looked more promising than at home, growing demand for non-US issues has reflected their eagerness for diversification.

Mr Tom Davis, head of equity capital markets at Merrill Lynch, the world's busiest underwriter, says: "There is a pretty strong desire on the part of US institutional and retail investors to increase their asset allocation to non-US equities - it's a portfolio rebalancing." Such a trend is not easily reversed by a temporary deterioration in investor sentiment, say analysts.

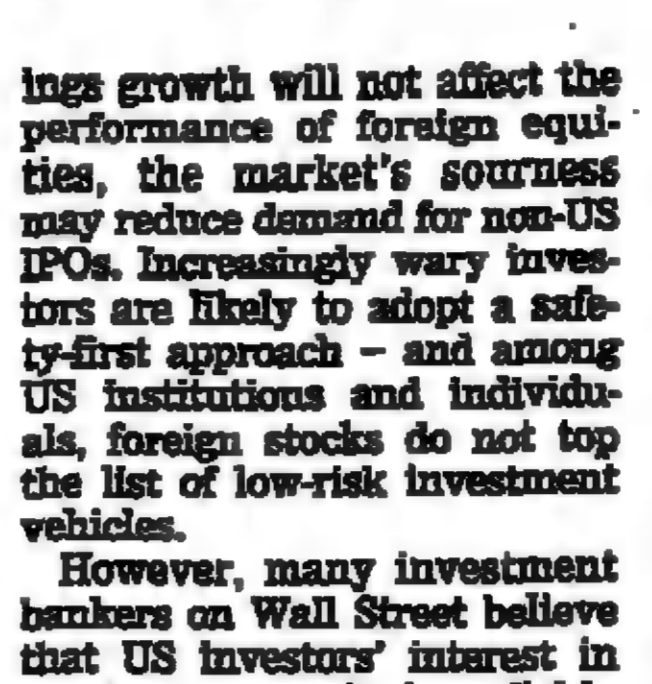
There are other reasons why non-US IPOs have continued to find willing buyers. Ms Kathleen Smith, an analyst at Renaissance Capital, a Connecticut-based consultancy which advises institutional investors on the IPO market, believes the quality of foreign issuers

US IPO market activity

By US issuers



By non-US issuers



Source: Securities Corp.

A clearer picture of investor sentiment should emerge by mid-December, says Mr Cruz of CS First Boston.

Four large IPOs - BSKY2, Thomson, Guidant (a spin-off from the US pharmaceuticals group Eli Lilly) and Crown Pacific Partners, a US timber group - are due to be priced by then, and the progress of each issue is being closely watched for any signs of a deterioration in demand.

Yet, in spite of anxiety about the December calendar, bankers say the IPO market is in better shape than during the summer, when activity fell sharply because of concern about rising interest rates and falling share prices.

"There was an awful lot of offerings downgraded, postponed, postponed, and withdrawn," says Mr Davis. One banker estimates that whereas between 50 per cent and 60 per cent of IPOs in the summer were priced below their range, only 20 per cent to 30 per cent of deals in October and November were similarly underpriced.

Moreover, bankers can be sanguine because a good part of the slowdown in issuance activity is attributable to cyclical forces. As Mr Davis explains: "1994 is the fourth year of the equity financing boom in the US, and there's been an awful lot done. Much of the business in the early part of the decade was driven by deleveraging. That's behind us now. A lot was done by cyclical companies, whose stocks were rising ahead of earnings and cash flow. Now that earnings and cashflow is coming through, there is a less pressing need for equity."

Over the longer term, the outlook for the IPO market remains uncertain. The head of equity capital markets syndication at a prominent Wall Street firm says the calendar for the first quarter of 1995 is pretty full, but warns that if the current difficult environment carries through into next year, many companies will be forced to compromise on both the price and size of their issues.

US investors put pressure on Dylex to restructure board

By Bernard Simon in Toronto

A group of US investors appears to be on the verge of forcing Dylex, one of Canada's biggest fashion retailers, to accept new corporate governance rules, including a shake-up of its board.

River Road, a Connecticut-based limited partnership which owns about 13 per cent of Dylex, has been putting pressure for some time on members of the Posluns family, who hold a majority of the group's voting shares. River Road is controlled by the Palma Group, a widely-held investment fund.

"We feel that Dylex has been under-performing given its

asset base and potential," Mr Bob Polle, River Road general partner, said yesterday. Dylex owns about 1,000 stores in Canada and the US, with 1993 sales of Cdn\$1.8bn (US\$1.3bn). But it had losses totalling Cdn\$40m in four of the past five years.

The outside investors' disquiet centres on Dylex's unwieldy 18-member board, most of whom are members of the Posluns family, their advisers and senior Dylex managers. "We're looking to shake up the status quo and get a new board in place," Mr Polle said.

The company's three independent directors are expected to echo these concerns in a report, which is due to be released later this month.

River Road cemented its position earlier this week by buying all Dylex's Class C preference shares. These shares are convertible into Class A preference shares.

Class A shareholders will gain voting rights at the end of this month if Dylex fails to reinstate dividends on the stock, which were suspended almost two years ago.

The outside investors were concerned that the Posluns and their allies would use their voting control to approve a dividend. However, Mr Wilfred Posluns, chairman and chief executive, said that "any indication that we would oppose the elimination of the next dividend payment is erroneous".

Bank report supports derivatives

By Philip Coggan,
Economics Correspondent

Derivatives instruments are more a consequence than a cause of instability in currencies and interest rates, according to a report issued by the central banks of the G10 countries.

Concern has been expressed that growing use of derivatives might add volatility to financial markets and create the risk of a system-wide financial crisis.

The report, prepared by a working group headed by Mr Hervé Hannoun, deputy governor

of the Bank of France, says that derivatives are only one of the innovations which have altered financial market behaviour. The report argues that derivatives make markets more efficient and should, under normal conditions, have a stabilising influence.

However, in times of stress the derivatives can amplify price movements.

Central banks can avoid contributing to market instability by following a "strategy that is predictable and well-explained to the public" and by implementing that strategy "in a consistent manner so as to aid

the formation of non-inflationary expectations". Derivatives do not diminish the control that monetary policy has over inflation, and the limited evidence available suggests they have yet to alter significantly the efficacy of monetary instruments.

Macroeconomic and monetary policy issues raised by the growth of derivatives markets: a report by a working group established by the Eurocurrency standing committee of the central banks of the Group of 10 countries, published by the Bank for International Settlements in Basel.

Akzo-Nobel arm merges with US rival

By Daniel Green

Akzo-Nobel, the Dutch/Swedish chemicals company, is to merge its rubber chemicals division with that of US rival Monsanto.

The new company, forecast by Akzo to have sales of \$600m in 1995, will be based in northern Belgium.

It will initially employ 1,400, but job losses "cannot be ruled out", Akzo said.

The merger is the result of overcapacity among suppliers, consolidation among the sector's customers - for example in tyre manufacture - and aims to improve performance in a slow growth industry.

The 50-50 joint venture is scheduled to begin operations in January. Its products will largely be additives that improve the performance of rubber, such as helping car tyres withstand cold. The two companies have complementary product lines.

Akzo would not say whether the transaction included a cash element. It said the joint venture would be "in the top three" in its sector by turnover.

Competitors include Bayer, the German chemicals company.

US telecoms group close to European deal

By Alan Cane

AT&T, the US telecoms group, and Unisource, a consortium of European telecoms operators, are thought to be close to announcing a joint venture aimed at Europe's telecommunications market.

Yesterday, neither company would comment on reports that they would announce the formation of the company next week. The telecoms industry, however, has been expecting the move since AT&T and Unisource became partners in the US company's Worldsource venture earlier this year.

Worldsource involves no equity exchange, but is an attempt by AT&T to marshal leading operators to help provide its international business services. Worldsource is strong in the Asia Pacific region where its partners include Singapore Telecom and Telstra, the Australian operator, but weak in Europe.

A joint venture between AT&T and Unisource, which comprises the national carriers of the Netherlands, Sweden and Switzerland, moves a step beyond this marketing affiliation. Press reports suggest Unisource would have a 60 per cent shareholding.

AT&T issues monthly figures

By Alan Cane

AT&T has been forced for the first time to publish financial results for a single month.

This is a consequence of Securities and Exchange Commission (SEC) regulations relating to the 35.5m AT&T shares held by British Telecom as a result of AT&T's merger with McCaw Cellular Communications announced last year and which BT wishes to sell.

AT&T said in October it had net income of \$429m, or 27 cents a share, on revenues of

\$6.28bn but warned against drawing conclusions about the full quarter on one month's results.

It said the figures reflected the trend for the first nine months, with increases in telecommunications services and systems sales.

Full-year results are expected in late January.

BT last year held a 17 per cent stake in McCaw which it intended to sell; on the merger in September this year it received an equivalent number of AT&T shares. It has always said it did not intend to hold

its rival's shares on a long-term basis.

AT&T yesterday filed a registration statement with the SEC as a prerequisite to BT's disposal of its shares through an underwritten public offering. The holding was valued this week at about \$1.7bn. At the time of the merger announcement the shares were valued at \$2.3bn.

The timing of the sale remains at BT's disposal. Goldman Sachs and Morgan Stanley have been appointed lead managers for the offering.

Consortium takes control of Embraer

By Patrick McCarthy
in São Paulo

Wasserstein Perella, the US financial house, has emerged as a large investor in the privatisation of Embraer, the Brazilian aircraft manufacturer.

Wasserstein Perella is the single largest member of a consortium headed by Bozano Simonsen, the Brazilian investment bank, which won control of Embraer at an auction at the São Paulo stock exchange.

The consortium, which will control 45 per cent of the voting stock, is made up of Wasserstein Perella, which holds 41 per cent of the consortium's shares, and the pension funds of the government-controlled companies Telebras and Banco do Brasil, which

together hold about half the capital. The rest of the consortium is made up of Bozano Simonsen and a foundation of Cesp, a state-controlled electricity company.

Mr Paulo Ferraz, chief executive officer of Bozano Simonsen, said that Wasserstein Perella-owned by the Japanese financial house Nomura, had been examining Embraer for some time and was acting as an investor and not as a representative of other overseas buyers.

Hundreds of riot police and troops with machine guns closed streets around the exchange before the sale, after fears of demonstrations by disgruntled workers. However, the auction passed off peacefully.

Inco in venture with Chinese metals group

Inco, the nickel producer, said it had formed a joint venture with Jinchuan Non-Ferrous Metals, a unit of state-owned China National Non-Ferrous Metals Industry, to build and run a plant near Shanghai to produce nickel salts for the Asian market, reports Reuters from Toronto.

The \$10m venture would be 65 per cent owned by Inco and 35 per cent by Jinchuan, it said. "Given the significant potential for further economic development in China, Inco has been discussing other areas of co-operation and commercial relationships with Jinchuan and CNMC," it said.

Inco Pacific, Inco's Hong Kong-based affiliate, would open an office in Shanghai to further develop Inco's position in China, it said.

RAND MINES LIMITED ("Rand Mines")
(Incorporated in the Republic of South Africa)
(Registration No. 01/00389/00)

ANNUAL GENERAL MEETING

Notice is hereby given that the ninety-ninth annual general meeting of Rand Mines Limited will be held in the boardroom, First Floor, Blandford House, 21 Chapel Road, Illovo, Johannesburg, on Tuesday, 10 January 1995 at 11:00 for the following business:

- To receive the audited annual financial statements and group annual financial statements in respect of the year ended 30 September 1994.
- To elect directors in accordance with the provisions of the company's articles of association.
- To place the unissued shares under the control of the directors in terms of the provisions of the Companies Act, 1973, as amended.

For the purposes of determining those members entitled to attend and vote at the meeting, the register of members of the company will be closed from 2 to 10 January 1995, both days inclusive.

The holder of a share warrant to bearer who desires to be represented at the meeting must comply with the "Conditions governing share warrants" currently in force.

Registered office: United Kingdom Secretaries:
Rand Mines House
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9 December 1994

Note: The 1994 annual report is being posted to registered shareholders and copies are available for holders of share warrants to bearer from the United Kingdom Secretaries.

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U.S. \$200,000,000

Floating Rate Notes due 1995

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 31 March 1995 has been fixed at 6.575% per annum. The interest accruing for such three month period will be U.S. \$12.50 per U.S. \$100,000 Note and U.S. \$1,625.00 per U.S. \$100,000 Note against presentation of Coupon Number 11.

Union Bank of Switzerland
London Branch - Agent Bank
6th December, 1994

WOOLWICH
- Building Society -

\$100,000,000
Floating rate notes due 1996

Notice is hereby given that the notes will bear interest at 6.575% per annum from 7 December 1994 to 7 March 1995. Interest payable on 7 March 1995 will amount to \$1,625.43 per \$100,000 note and \$1,624.33 per \$100,000 note.

Agent: Morgan Guaranty Trust Company
JPMorgan

\$22,000,000

NORTHERN ROCK BUILDING SOCIETY

Subordinated Floating Rate Notes due 2002

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from December 7, 1994 to June 7, 1995 the Notes will carry an interest rate of 6.2375% per annum. The interest payable on the relevant interest payment date, June 7, 1995 will be \$2,053.73 per \$100,000 Note and \$20,537.33 per \$2,000,000 Note.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
December 9, 1994

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Tel: 044 071 741 4093

U.S. \$250,000,000

CHALLENGE BANK
Challenge Bank Limited
(Incorporated with limited liability in the State of Western Australia)

Floating Rate Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from December 9, 1994 to March 9, 1995 the Notes will carry an interest rate of 6.625% per annum. The interest payable on the relevant interest payment date, March 9, 1995 will be U.S. \$16.66 per U.S. \$100,000 Note, U.S. \$166.66 per U.S. \$1,000,000 Note, U.S. \$1,666.66 per U.S. \$10,000,000 Note.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
December 9, 1994

WATER WINS
second term in
Bel chair

SIGNAL

NEWS DIGEST

Arbor wins second term in CBoT chair

Mr Patrick Arbor won a second two-year term as chairman of the Chicago Board of Trade following a membership vote, writes Laurie Morse in Chicago. Mr Arbor, a veteran futures trader with a long history in exchange politics, sought re-election saying he wanted to supervise completion of the ambitious building project begun in his first term.

The exchange is pursuing a \$170m addition next year to its landmark LaSalle Street building to create a larger, state-of-the-art trading floor for its financial futures and options products, including futures on the US Treasury bond.

In spite of its continued growth, the CBoT is under pressure to forge international alliances to preserve its status as the world's busiest futures exchange.

Johnson Electric advances 10.7%

Johnson Electric Holdings, one of the world's largest manufacturers of microcomputers for a broad range of domestic, commercial and consumer applications, yesterday reported a 10.7 per cent improvement in its interim net profit, writes Our Financial Staff in London.

The Hong Kong company, which has diversified production bases in China, Thailand and Switzerland, saw net profit for the six months to September 30, 1994 advance to HK\$168.45m (US\$22m) from HK\$152.15m in the corresponding period last year. Turnover rose to HK\$318.50m from HK\$277.05m.

Prague to approve VW/Skoda Auto deal

The Czech government will give final approval to an agreement allowing Volkswagen, the German car maker, to take majority control of Skoda Auto, although an amendment to the pact appeared to be delayed earlier this week over environmental aspects of the deal, the industry and trade ministry said, Reuters reports from Prague.

An official said the agreement was not approved at the regular session of government on Wednesday because a change over a paragraph on ecological aspects needed re-writing.

The deal would allow Volkswagen to raise its 31 per cent share to 70 per cent by 1996. The Czech government will continue to hold 30 per cent of Skoda stock.

MacPhail plans rights issue in new year

MacPhail Holdings, the South African coal distributor, said it planned a rights issue in early 1995 as the first step in a local and international expansion programme, Reuters reports from Johannesburg.

At a meeting on January 6 shareholders would be asked to approve a proposal to increase authorised share capital to R15m (\$4m) divided into 30m ordinary shares of 50 cents each, the company said in a statement.

"Subject to this approval the company will then proceed with a rights offer early in the new year."

The proceeds would be mainly used to repay short-term debt which the company said was raised earlier to fund two essential growth projects, continued expansion of its materials handling infrastructure, and an investment in a new bulk coal distribution centre on the East Rand. The rights offer would also provide additional working capital to fund stockpiling ahead of the 1995 winter.

Vysya Bank in strategic alliance with IndusInd

India's largest private bank, Vysya Bank, announced a strategic alliance with the new IndusInd Bank to act as a consortium in funding businesses and in providing services to customers, Reuters reports from New Delhi.

Vysya Bank said that "the two banks had agreed to share consortium finance for meeting working capital requirements, non-fund based business and other products such as bridge loans, underwriting, etc."

"Among the areas that Vysya Bank will assist IndusInd in are demand draft drawing arrangements, collections of bills and cheques, clearing arrangements, bank guarantees and the issue of letters of credit," the bank said.

The alliance was floated recently by the expatriate Hinduja family, which is one of the UK's richest.

International Petroleum returns to profit

International Petroleum Corp (IPC) returned to profit in 1994, posting net profit of \$4.4m, or 12 cents per share, in the year ended September 30, AP-DJ reports from Manama.

IPC, whose shares are listed on the Toronto Stock Exchange and the US Nasdaq market, is engaged in international oil and gas exploration and production.

The company said its total operations revenue amounted to \$25.6m at end-September, compared with \$7m a year earlier. IPC made a loss of \$8.3m last year.

"The significant improvement in the company's financial performance is due to the results from a full year's production from the Weldon Field located offshore Oman, together with a partial year's production from the Bukha field offshore Oman," IPC said.

Ashland Oil stake

Ashland Oil, the US petroleum refiner, is to buy an extra 15 per cent stake in Ashland Coal for \$110m, Reuters reports from Kentucky. The acquisition, from Saarbergwerke, the German coal trader and electricity generator, will take Ashland Oil's stake in Ashland Coal to about 54 per cent.

SGS-Thomson steps into private arena

The flotation paves the way for further injections, say John Ridding and Andrew Hill

SGS-Thomson, the Franco-Italian semiconductor manufacturer, yesterday launched an offer of up to 19 per cent of its shares on the New York and Paris stock markets, and took its first step out of state ownership.

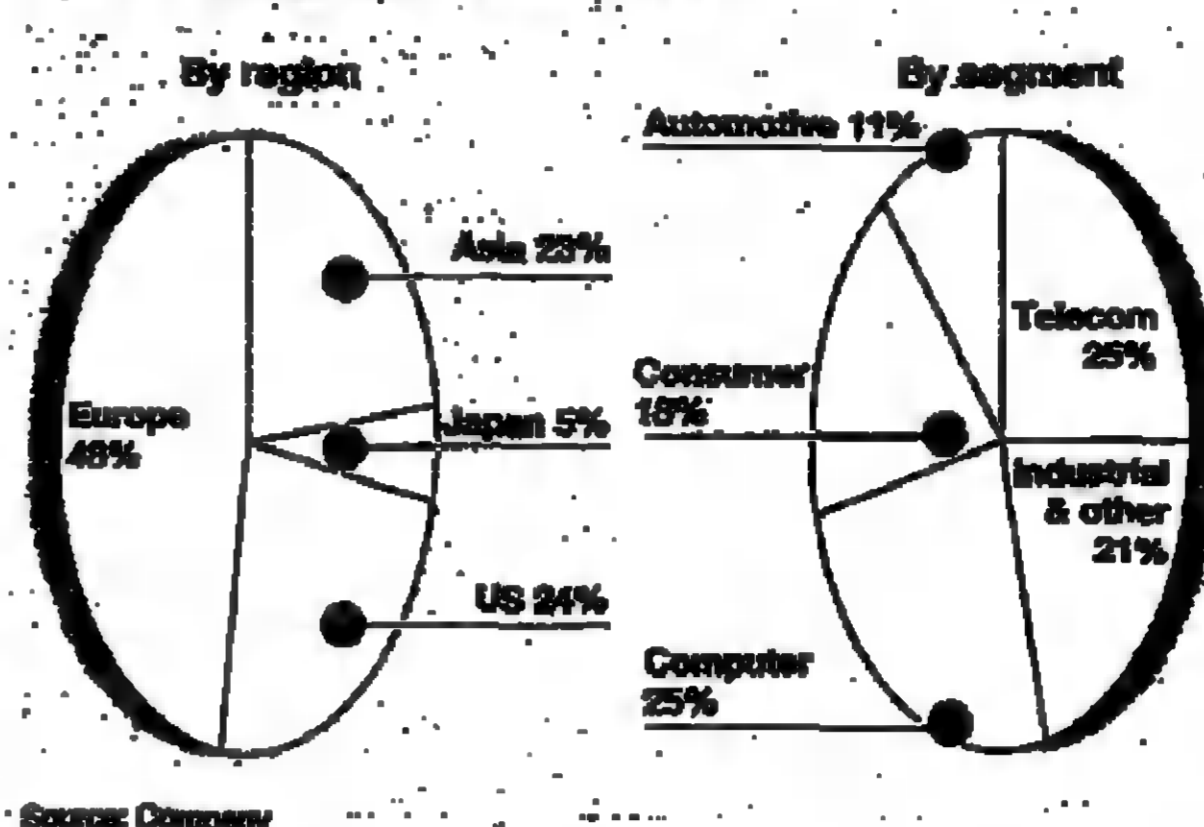
It seems a far cry from 1987 when two state-owned companies - Thomson Semiconductors of France and SGS Microelectronics of Italy - decided to pool their resources in an attempt to fight back against US and Japanese competition, and pull themselves out of a trough of financial problems and declining market share. At the time, the challenge of making the joint venture work seemed a particularly tough one. As one analyst puts it: "If you can't turn a semiconductor company round in five years, you're lost."

However, seven years on, SGS-Thomson is nearing the top 10 in the semiconductor sector.

Mr Bill McClean, vice-president of Integrated Circuit Engineering, the Arizona-based industry research and consultancy group, forecasts sales growth of about 20 per cent this year - from \$2.04bn in 1993 - which makes the company the 11th or 12th biggest company in the industry. "They are definitely regarded as a serious competitor by the dominant US and Japanese groups," according to Mr McClean.

Helped by the recent upswing in the cyclical semiconductor industry, SGS-

SGS-Thomson: 1993 sales



Thomson has seen profits jump to \$253.3m for the first nine months of this year, nearly double the figure for the same period in 1993. Investment in new plant and fast-growing technologies, diversity of products and geographical spread have improved the group's medium-term prospects.

The group is taking an aggressive step in the microprocessor market. In April, it announced it was collaborating with Cyrix of the US to produce microprocessors. The project faces potential legal hurdles because of court battles between Cyrix and Intel, the dominant microprocessor manufacturer, which is seeking to protect its patent rights.

However, most observers believe it is a significant strategic move for SGS-Thomson. "They have the capacity in place at their Phoenix plant and they should be up and running pretty quickly," says one Paris-based analyst. "This is critical because the timing will be vital in winning market share."

As for geographical spread, unlike Philips and Siemens,

which are still fairly reliant on Europe, they have a pretty well-balanced exposure," says one electronics analyst at a French merchant bank.

Like its European counterparts SGS-Thomson still faces a problem of size. Mr Mike Glennon, semiconductor analyst at Dataquest, the UK technology research consultancy, says there are three fundamental elements to success in the microprocessor market: produce an industry-standard product; sort out patent issues with Intel; and make sure you have the ability to produce to meet market demand. "You need to be able to invest millions of dollars because manufacturing plant costs in the region of \$1bn," he says. "The 'in between' position is going to be tough," adds Mr Glennon, who believes SGS-Thomson needs to "get big, and keep rolling".

Mr Pasquale Pastorio, the company's Italian chairman, sketches a scenario in which the financial and technological requirements of the sector will divide it into two broad categories - general, broad-range semiconductor suppliers and small specialist producers. The dividing line, he believes, will be determined by market share and the crucial level will be about 5 per cent, a few points higher than the company's present slice of the market.

To lift the company out of what he describes as "the grey

Restructure helps James Hardie rise to AS\$37.1m

By Nikki Tait in Sydney

James Hardie, the Australian building materials group undergoing a comprehensive restructuring and management changes, yesterday reported improved profits for the six months to end-September, at AS\$7.1m (US\$3.0m) after tax. The company said it was firmly on track to achieve its forecast of a strong recovery in profits for the full year.

The first-half figure was almost double last time's AS\$3.5m, and scored on sales up to AS\$55.4m from AS\$52.9m.

Earnings per share for the first half were 9.5 cents, compared with 5.3 cents in the first half of 1993-94. The interim dividend goes up to 6.5 cents from 6 cents.

Hardie attributed the improvement to its extensive restructuring programme, and more focus on the core building sector markets.

It said all divisions had posted better results, with the exception of James Hardie Pipelines in Australia. Here, PVC costs increases and "unruly trading conditions" ate into margins.

It said a number of divisions which had made losses last time moved into the black. These included the bathroom products division, the New Zealand building services operations and the irrigation unit in Australia.

There were gains in the US, where Hardie posted an operating profit of AS\$10.9m, on sales of AS\$17.2m.

The bottom-line figures were also helped by lower interest charges, down to AS\$7.5m from AS\$10.1m.

Hardie shares closed unchanged at AS\$1.96 yesterday.

Coca-Cola Amatil, the Australian soft drinks company which is 51 per cent owned by the Atlanta-based Coca-Cola group, said yesterday it was about to start manufacturing soft drink products in the Ukraine, in a joint venture with the Kolos brewery in Lviv.

The production company will be 57 per cent owned by CCA and 43 per cent by Kolos, with CCA granted management rights.

Its capital will be about US\$11.5m.

CCA has been building inter-

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NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

The shareholders of PAN-HOLDING S.A. are invited to attend the EXTRAORDINARY GENERAL MEETING which will be held at the registered office of the Company, 7, Place du Théâtre, Luxembourg at 11.00 o'clock a.m. on December 28, 1994, with the following agenda:

- For the purpose of establishing an extraordinary reserve account to reduce the Company's capital by an amount of FIFTY-FIVE MILLION UNITED STATES DOLLARS (\$55,000,000 - U.S.\$) so as to decrease it from its present amount of ONE HUNDRED AND TEN MILLION UNITED STATES DOLLARS (\$110,000,000 - U.S.\$) to FIFTY-FIVE MILLION UNITED STATES DOLLARS (\$55,000,000 - U.S.\$). To transfer the amount of that capital reduction to the said extraordinary reserve account. To reduce the nominal value of each Share from TWO HUNDRED UNITED STATES DOLLARS (200 - U.S.\$) to ONE HUNDRED UNITED STATES DOLLARS (100 - U.S.\$).
- To split the Share in the proportion of two (2) new shares for one (1) existing share. To reduce the nominal value of each Share from ONE HUNDRED UNITED STATES DOLLARS (100 - U.S.\$) to FIFTY UNITED STATES DOLLARS (50 - U.S.\$).
- To reduce the amount standing to the credit of the legal reserve account by an amount of FIVE MILLION FIVE HUNDRED THOUSAND UNITED STATES DOLLARS (\$5,500,000 - U.S.\$) so as to decrease it from its present amount of ELEVEN MILLION UNITED STATES DOLLARS (\$11,000,000 - U.S.\$) to FIVE MILLION FIVE HUNDRED THOUSAND UNITED STATES DOLLARS (\$5,500,000 - U.S.\$). To transfer the amount of that reduction to the extraordinary reserve account established in accordance with item one of the agenda.
- The Company to adopt the status of undertaking for collective investment governed by Part II of the Luxembourg law of 30th March, 1988 on undertakings for collective investment.
- To appoint an independent auditor ("réviseur d'entreprises").
- To accept the text of revised articles of incorporation worded in English in order to adjust the Company's articles to its new status of undertaking for collective investment pursuant to item 4 of the agenda.

The most important amendments resulting from such rewording are the following ones:

- The Company to retain its legal form of a "société anonyme" but to qualify as a "société d'investissement à capital fermé" (SICAF) under its existing name of "PAN-HOLDING".
 - The corporate object to be redefined and to read as follows:
- "Article 3
The exclusive object of the Company is to place the funds available to it in assets permitted for a collective investment undertaking with the purpose of spreading the investment risks and affording its shareholders the results of the management of its assets."

The Company may take any measures and carry out any operation which it may deem useful in the accomplishment and development of its object to the full extent permitted by the law of 30th March, 1988 regarding collective investment undertakings or any legislative replacements or amendments thereof ("the 1988 Law").

- The issued capital of the Company to be set at FIFTY-FIVE MILLION UNITED STATES DOLLARS (\$55,000,000 - U.S.\$) represented by ONE MILLION ONE HUNDRED THOUSAND SHARES (1,100,000) Shares with a nominal value of FIFTY UNITED STATES DOLLARS (50 - U.S.\$) all fully paid.
- The authorized capital of the Company to be set at SEVENTY MILLION UNITED STATES DOLLARS (70,000,000 - U.S.\$) represented by ONE MILLION FOUR HUNDRED THOUSAND (1,400,000) Shares with a nominal value of FIFTY UNITED STATES DOLLARS (50 - U.S.\$) each with power granted to the Board of Directors to from time to time issue additional shares within the authorized capital.

- power given to the Board of Directors to impose restrictions on the holding of Shares in the Company and to under certain circumstances require the compulsory redemption of Shares at a price equal to their net asset value, as defined, less any applicable charge;
- the date of the annual general meeting of shareholders to be in future the last Tuesday of April at 3.00 p.m.;
- the appointment by the general meeting of shareholders of an independent auditor ("réviseur d'entreprises") whose duties are those prescribed by the law of 30th March, 1988;
- the obligation of the Company to at any time purchase from a shareholder the whole or part of his Shares at a price equal to their net asset value, as defined, less a purchase charge of up to 1%, except in certain circumstances and subject to certain restrictions as described in the articles;
- the right of the Company to sell any shares held by it at a price equal to their net asset value, as defined, plus a sale charge of up to 1%, except in certain circumstances as described in the articles;
- the method and minimum frequency of determining the net asset value of the Company's assets and of its Shares with provisions dealing with the suspension of such determination and of the purchase and sale of Shares;
- the creation of an extraordinary reserve which, together with all other non-compulsory reserves is available for the payment of the price of any Shares which the Company may purchase from its shareholders, for the payment of dividends or of any distribution to shareholders, including bonus Shares, and for the setting off of net realized or unrealized capital losses.

7. To grant full power and authority to the Board of Directors to implement the resolutions to be adopted pursuant to this agenda.

8. To transact any other business.

The Resolutions 1, 2, 3, 4 and 6 on the Agenda may be passed with a minimum quorum of 50 per cent of the outstanding shares by a majority of 75 per cent of the votes cast thereon at the Meeting.

Shareholders are advised that, from December 14, 1994 onwards, a copy of the revised Articles of Incorporation, of the Prospectus and the documents mentioned therein are available for inspection at the Registered Office of the Company and at the address of its Paying Agents.

These documents as well as the Directors' report are available, upon application to the Registered Office of the Company.

If the Extraordinary General Meeting adopts the resolutions proposed in relation to the various items of its agenda and, in particular, decides that the Company adopts the status of an undertaking for collective investment, the Company shall calculate on December 28, 1994 and on the basis of the provisions contained in the new articles of incorporation and in the new prospectus, the net asset value as well as the purchase price and the sale price of the Pan-Holding share.

Shareholders who wish to sell or purchase shares of Pan-Holding at the net asset value so calculated, reduced or increased by 0.5%, may from now on send a written application to that effect to the Company at its registered office or to the Custodian Bank S.G. Warburg & Co. Ltd., Luxembourg Branch, 14, rue Léon Thyges, L-2696 Luxembourg, so that such requests are received exceptionally at the latest on December 28, 1994, 12.00 noon, Luxembourg time. Such requests must be accompanied by the certificates of the shares offered for purchase.

The bearer share certificates may be deposited with a bank or financial institution acceptable to the Company. The corresponding deposit certificates should be forwarded to the Company, P.O.B. 408, L-2014 Luxembourg, so as to reach them not later than December 28 1994.

The owners of registered shares need not deposit their share certificates.

THE BOARD OF DIRECTORS

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US \$500,000,000
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For the period from December 9, 1994 to March 9, 1995 the Notes will carry an interest rate of 6.5875% per annum with an interest amount of US \$307.5 per US \$100,000 principal amount of Notes payable on March 9, 1995.
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INTERNATIONAL CAPITAL MARKETS

Heinz joins high profile string with \$300m offering

By Graham Bowley

Dollar-denominated offerings dominated the eurobond market yesterday in spite of volatility in the eurodollar market caused by fears that Orange County, California, may be forced to liquidate its \$7.5bn bond fund.

This fuelled fears that a flood of bonds would flow on to international markets, and spreads in the dollar market widened significantly. Orange County filed for bankruptcy on Tuesday evening after being hit by a loss of \$1.5bn from its dealings in the bond market.

In spite of the volatility, another US corporate borrower moved yesterday to exploit the relatively low cost of borrowing currently available in the eurodollar market.

H. J. Heinz, the US food group, launched a \$300m offer-

ing of three-year fixed-rate bonds priced to yield 27 basis points over US Treasury bonds of the same maturity.

This is the latest in a string of offerings by high-profile US corporate borrowers who have taken advantage of the strong demand for their credit among European retail investors.

INTERNATIONAL BONDS

This enables them to achieve funding at up to 10 basis points below that available in the US domestic bond market.

"US investors focus closely on the borrower's credit rating and on the spread being offered, whereas European investors look to the coupon and to the name. And these are great names," said one dealer in London.

"Borrowers can get funding at a price significantly better than their credit-rating warrants," he said.

A deal brought at around 27 basis points over US Treasury bonds in the eurodollar market would require a price to yield at least 35 basis points in the US market, one dealer estimated.

Walt Disney and PepsiCo both turned to the eurodollar market last week with \$300m and \$250m offerings respectively, both targeted at European retail investors.

The Heinz offering found a similar pattern of demand, lead manager Goldman Sachs said. "There was some UK institutional interest but primarily the bonds were sold to Swiss retail investors," a syndicate official said.

Heinz last came to the eurodollar market in 1988. Kyushu Electric Power, the

A-rated Japanese electric power company, launched a \$300m offering of five-year fixed-rate bonds priced to yield 33 basis points over US Treasury bonds.

This was the first electric power company to come to the US dollar market since July 1993, traders said.

"Most of the electric utilities have been doing their funding in yen over the last year because of the attractive rates available on fixed-yen. But the

attractiveness of yen is now and the dollar market is coming back into vogue again," said one trader.

"As a result, we expect to see more Japanese electricity companies coming to the market in January and February," he said.

Demand for the offering came from European and Japanese institutional investors, joint lead manager IBI said. Syndicate managers said

Sweden to resume index-linked issues

By Christopher Brown-Hume in Stockholm

Sweden said yesterday it would resume index-linked treasury bond issues in the new year.

"We have now left the worst market turbulence behind us, as well as sources of unrest such as the general election and the EU referendum," said Mr Staffan Crona, director-general of the Swedish National Debt Office. Sweden is the world's biggest sovereign issuer on international bond markets.

The debt office raised SKr6m by issuing index-linked bonds in the spring, but it had to abandon the practice during the summer because of Swedish bond market turbulence. It was the first time that a bond linked to the Swedish consumer price index had been launched.

The debt office says index-linked bonds lower its funding costs providing inflation remains low while covering investors "against anticipated increases in the inflation rate". Investors in fixed-rate Swedish bonds have been demanding a risk premium on fears of a resurgence in inflation. Swedish inflation is currently 3 per cent, while the benchmark five-year bond yields 10.24 per cent.

The debt office aims to raise about SKr7bn through a series of index-linked bond auctions in the first four months of next year. In the first issue, planned for January 16, bonds with a nominal value of SKr1bn will be offered.

There will be a new tranche in an existing 20-year loan and a new 10-year loan. Sweden has a total of SKr500bn of treasury bonds outstanding.

Eddie George's view on inflation heartens gilts

By Martin Brice in London and Lisa Branstetter in New York

UK government bonds were heartened by reassuring comments yesterday on inflation from the governor of the Bank of England, Mr Eddie George, who said it would reach a plateau soon.

Gilts had opened weaker but then rose on his comments, with one dealer saying prices were marked up by about 5 of a point.

The "mini-budget" by Chancellor Kenneth Clarke seemed to leave gilt prices largely unmoved, although some dealers were quick to point out that the increase in the tax on drinks would take effect from January, whereas the now-sheduled fuel tax increase which it replaced would not have taken effect until April.

However, some estimates suggest that while the tax on

fuel would have added 0.5 of a point to inflation, the taxes which replace it would add 0.2 or 0.3 of a point to inflation.

Mr Adam Chester at Yam-sich said the "mini-budget" left the inflation outlook "fairly unchanged".

By the end of the day the December long gilt future had moved up 0.5 of a point to trade around 101.8. The spread over bonds had moved to about 131 basis points.

Trading was slow, with dealers reporting some switching out of gilts as the spread over bonds approached 128. Mr Andrew Roberts at UBS said: "Buying has trickled away. People are waiting for next week's data."

There is a raft of data due out in the UK next week, with producer prices on Monday, earnings and inflation figures on Wednesday, retail sales figures on Thursday and the pub-

lic sector borrowing requirement on Friday.

Mr Chester said: "I think it will be another welcome set of data for the market." He thinks the gilt market will enter the new year on a reasonably firm basis.

Analysts said most big

GOVERNMENT BONDS

investment decisions would probably be driven by the data due out in the UK next week and the data due from the US, rather than recent political developments.

German government bonds opened weaker on third-quarter gross domestic product figures but then rose slightly.

The third-quarter GDP figure was 1.5 per cent quarter-on-quarter, against market expect-

tations of around 1 per cent.

Mr Paul Campayne at Paribas Capital Markets said: "There is very little momentum or activity. A lot of domestic investors have closed their books for the year, and the market will probably stay in range-bound trading."

He said that while bonds had been hit by the stronger-than-expected GDP figure, there was evidence of technical support for bonds at the 90 level. The March bond futures contract on Life rose by 0.08 on the day to 90.29.

US Treasury prices added to Wednesday's losses yesterday morning as investors continued to sort through signs that the Federal Reserve intends to raise interest rates again in the near term and the ramifications of the bankruptcy of Orange County, California.

By midday, the benchmark

30-year government bond was down 1/8 at 95 1/8, yielding 7.910 per cent.

At the short end of the market, the two-year note was down 1/8 at 99 1/8, yielding 7.526 per cent.

With little economic news out yesterday, the market continued Wednesday's downward trend.

Some support came from the dollar, which rose yesterday morning against the Japanese yen and the D-Mark. By midday, the dollar had pushed back up through \$100 from just below that level on Wednesday. A rising dollar helps the market by encouraging foreign investors to put their money in US government securities such as Treasury bonds.

Still, the overall bearish tone of the market held after Fed chairman Alan Greenspan said given all of the recent unsettling news he expected the market to remain skittish.

reflected in rising consumer prices.

Investors interpreted the testimony as a signal that the Fed would boost interest rates again by early next year. The Fed has already raised rates six times this year.

Also troubling the market were concerns about the fallout from the financial troubles of California's Orange County, the largest municipality ever to declare itself bankrupt.

One worry was that other cities and counties may face difficulties similar to those of the California county, which got itself into trouble by wagering that interest rates would not rise this year.

Mr Jack McIntyre, a senior fixed-income analyst at Thomson Financial Services, said given all of the recent unsettling news he expected the market to remain skittish.

Saudi loan in syndication for early 1995

Underwriters of a \$700m loan to a Saudi petrochemical project

are expected to announce a general syndication early next year, bankers said yesterday. Reuters reports from Dubai.

They said the loan for the Saudi-US joint venture Saudi Petrochemical (Sadaf) would be governed by English rather than Saudi law.

"The deal is attractive to banks because Sadaf's credit is good and because of the English law," one said. Bankers said Citibank and Chase Manhattan have joined the underwriters with \$100m each. The other six underwriters had committed themselves to \$500m. The bankers said the 8 1/2-year loan will be priced at 125 basis points over Libor.

Merrill Lynch buys 3.5m Kemira shares

Merrill Lynch, global co-ordinator of last month's

share offering by Finnish chemical group Kemira, has used its over-allotment option, or greenshoe, to purchase 3.5m Kemira shares, Reuters reports.

"These shares will be newly-issued shares of Kemira and are expected to be listed on the Helsinki Stock Exchange on Monday. Including these shares, Kemira has issued a total of 33.5m shares, raising a total of Fmk1.273m before expenses," the group said.

Funds raised would be used to repay debts. Kemira said it expected its equity ratio to be 25 per cent after the issue. Kemira shares were listed in Helsinki on November 10.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

	Coupon	Rate	Price	Day's change	Yield	Week ago	Month ago
Australia	8.500	09/04	91.5700	-0.080	10.32	10.37	10.70
Belgium	7.750	10/04	98.5700	-0.140	8.27	8.27	8.32
Canada	9.000	10/04	98.7000	-0.200	8.00	8.14	8.15
Denmark	7.000	12/04	95.1700	-0.100	8.00	8.01	8.07
France	8.000	05/08	101.8500	-0.180	7.27	7.27	7.50
Germany	7.500	04/05	98.7600	-0.150	7.99	7.90	8.18
Italy	7.250	11/04	100.4500	-0.350	7.23	7.23	7.51
Japan	4.000	09/09	103.4900	-0.040	3.90	3.92	4.10
Norway	11.500	09/04	98.4500	-0.020	8.00	8.01	8.07
Netherlands	7.250	04/04	98.1400	-0.020	7.52	7.46	7.55
Spain	10.000	02/05	90.9700	-	11.19	11.20	11.38
UK Gilts	8.000	09/08	90.18	-0.02	8.47	8.37	8.50
US Treasury	8.500	11/04	100.08	-0.02	7.84	7.94	7.96
ECU (French Govt)	6.000	04/04	95.0200	-0.100	8.36	8.32	8.59

London closing. New York mid-day. 7 years (including withholding tax at 12.5 per cent payable by non-residents). Prices US \$ and cents, others in decimal. Source: M&B International

US INTEREST RATES

	Rate	Two year	Three year	Five year	Seven year	10 year	30 year
Libor	5.48	5.48	5.48	5.48	5.48	5.48	5.48
Prime rate	8.75	8.75	8.75	8.75	8.75	8.75	8.75
90-day T-bill	5.48	5.48	5.48	5.48	5.48	5.48	5.48
1-year T-bill	5.48	5.48	5.48	5.48	5.48	5.48	5.48
2-year T-bill	5.48	5.48	5.48	5.48	5.48	5.48	5.48
3-year T-bill	5.48	5.48	5.48	5.48	5.48	5.48	5.48
5-year T-bill	5.48	5.48	5.48	5.48	5.48	5.48	5.48
7-year T-bill	5.48	5.48	5.48	5.48	5.48	5.48	5.48
10-year T-bill	5.48	5.48	5.48	5.48	5.48	5.48	5.48
30-year T-bill	5.48	5.48	5.48	5.48	5.48	5.48	5.48

BOND FUTURES AND OPTIONS

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A 'meaningful' final dividend forecast if recovery continues

LIG back in black with £1m

By Peggy Hollinger

London International Group, the condoms and gloves manufacturer, yesterday heralded a return to the dividend list as it swung back into the black with interim pre-tax profits of £1m, against losses of £5.1m last time.

Mr Nick Hodges, chief executive, said LIG intended to pay a meaningful final dividend if progress achieved in the first half continued.

"It will not be a nominal dividend," he said, "but nor will we be looking to return to the levels of previous years." Dividends in future would be covered at least twice by earnings.

LIG came close to collapse last year as a result of its disastrous foray into photo processing, a business which has since been sold. In the year to March, the company incurred losses of £17.4m. It was then forced to call on shareholders for £11.5m to repair the balance sheet.

Mr Hodges said LIG was not

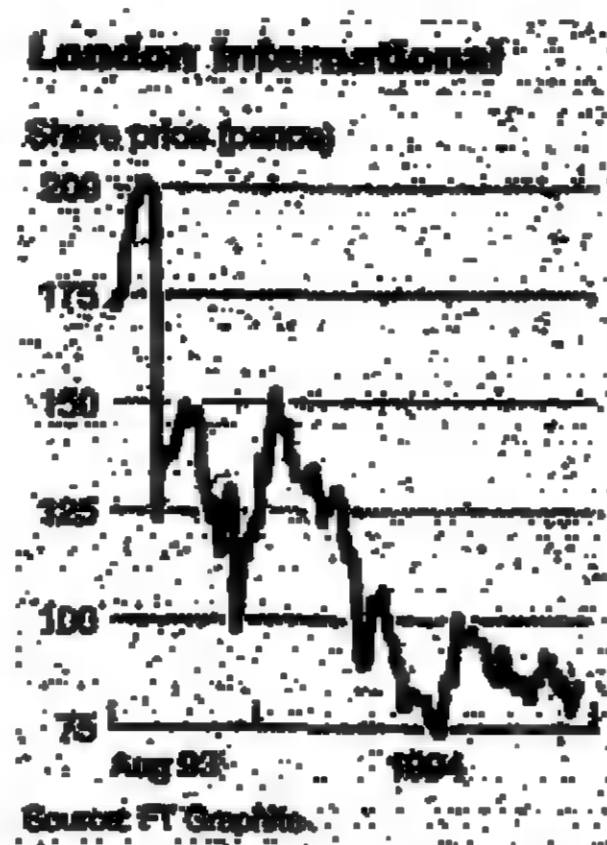
yet out of the woods. While the right steps had been taken, he said, "we now have to prove that we can grow the business organically and deliver the profits everyone is expecting of us."

LIG's return to profit in the first half showed it had made good progress, Mr Hodges said. Costs had been cut, with staff numbers down from 10,250 to 4,990, and operating cashflow had improved. LIG was on track to achieve net margins of about 15 per cent by 1996.

Operating profits for the six months to September 30 had also almost doubled from £2.4m to £4.7m.

Sales fell by 18 per cent from £197.1m to £161.4m because of the sale of the photo business. Excluding discontinued businesses, sales rose by 5 per cent to £180m.

At the pre-tax level, profits were helped by a £1.5m drop in interest charges to £5.5m and the exceptional £2.3m gain on the sale of the Wright's Coal Tar Soap business.



The condoms business grew 10 per cent in the first half. LIG reversed a long-term decline in the US by adding 1 percentage point to its market share, giving it 24 per cent. Mr Hodges was optimistic of further progress after the launch of the new Avanti condom, made of polyurethane.

The surgical gloves division improved sales by about 31 per cent.

Gearing fell from 137 per cent at the year-end to 69 per cent.

Earnings per share were 0.32p, against losses last time of 0.33p. The shares closed 5p ahead at 85p.

COMMENT

This appears to be the turning point for a company that has had somewhat of a roller-coaster ride over the last year. Management is taking all the right steps and the value of the core businesses is beginning to show through. The question now will be whether LIG can fund the promotion of its strong brands internationally. If it cannot, then with a share price still a long way from last year's 272p it is vulnerable to takeover. These results, however, may be the first indication that LIG should be given the chance to go it alone. Forecasts are for between £15m and £18m this year, with an equally wide dividend range of 0.5p to 1p. On the low-end of 0.5p, this is still only a stock for the risk-takers. However, those already in might want to hang on for what could be an interesting ride.

Travis Perkins sells subsidiary for £11m

Travis Perkins, the building materials group, has sold its Kennedy's Garden Centres subsidiary for £10.8m cash in a management buy-out.

A new company has been formed to make the acquisition. Mr George Bullivant, managing director of Kennedy's, will be managing director of the new company, which will keep its original name. The consideration is subject to a revision of up to £1m, to be decided on completion.

Misys and RM talk over new proposal

By Christopher Price

Research Machines and Misys were locked in talks last night over a new proposal from the latter for the educational computer group.

Misys, the acquisitive computing services company, made an initial approach on Wednesday afternoon, making a conditional £38m cash offer of 28p a share for RM, which is due to come to the market in the next two weeks.

RM - its shares are likely to be priced at about 170p - rejected the Misys offer out of hand, saying it seriously undervalued the company and that the cultures of the two groups were too different.

Misys' second proposal, tabled yesterday, is thought to involve it taking a significant stake in RM. Neither company was available for comment.

RM's flotation is set to raise £30m, although none is to be new money for the company, which has about £6.5m in the bank. The intention is to improve the profile of the 21-year-old company, which is relatively unknown outside the UK education market.

Last year, RM reported pre-tax profits of £2.52m on turnover of £66.2m.

Rap shares at 145p on first day trading

Shares of Rap Group, the rubber and plastics distributor, traded at a 3p premium to the flotation price of 142p on the first day of dealings yesterday. Market capitalisation at placing price was £15.1m, with £3.55m being raised.

Shares slide as Fine Art sees 'difficult' trading

By Peter Pearce

Shares in Fine Art Developments tumbled 44p to 376p yesterday as the mail order and greetings card group reported disappointing profits for its first half and warned that trading conditions remained "extremely difficult".

In the six months to September 30, profits rose 5 per cent to £5.78m (£5.51m) pre-tax on turnover ahead 6 per cent at £122.3m (£115.4m).

Mr Keith Chapman, chairman, singled out the charities and wholesale businesses as the weakest performers. However, he stressed that in the past strong parts of the group had more than counterbalanced "the odd problem here and there". This time, trading conditions and the downturn in consumer spending meant there had been no "good performers" to offset the laggards.

On the charities side, turnover fell 23 per cent. Rwandan appeals, the public's move towards local rather than

national charities, and the cataloguing, products and pricing policies of Fine Art's charities had all had an impact.

The wholesale side of the card and paper products division had been hit by the change in Sunday trading laws, which were squeezing independent shops. Mr Chapman expected it would be "some time before we get back where we were". However, last year's management and systems problems which had affected deliveries in the direct-to-retail side - supplying supermarkets and large chains - had been sorted out.

On the plus side, in Express Gifts the group has reduced the cost/sale ratio, cut the agency base, improved the conversion to customers rate, and introduced structured credit.

The mail-order educational business performed well, lifting turnover 10 per cent. Mr Chapman stressed that this rise was achieved at a time when many schools were not fully using their budgets.

The interim dividend is raised to 3.5p (3.3p) payable from earnings of 4.97p (4.87p) per share.

COMMENT
Is Fine Art accident-prone or simply buffeted by forces beyond its control? Some say a raft of influences - Sunday trading laws, changes in the pattern of the public's charity giving, the National Lottery - have compounded an already depressed trading environment. Problems lurking round the corner include raw material price rises and consumer resistance to more expensive cards and paper products. However, from a lower base things are expected to improve, or at least not get worse. Forecast pre-tax profits for the current year have been scaled back from £42m to £38m, or earnings of about 32p, for a multiple of about 11.7. At the current price that is a decent discount to the market, but the shares will not be going anywhere for a while.

Former Medeva directors join lossmaking Hewitt

By Richard Wolff

Shares in Hewitt Group rose 50p to 155p yesterday after the loss-making industrial ceramics company appointed two former Medeva directors to the board. Hewitt also announced a rescue rights issue to raise a maximum of £4.3m as the company revealed that its accounts to December 31 would breach its banking covenants.

The company, which reported £2.24 pre-tax losses at the half-year stage, named Mr Ian Gowrie-Smith as non-executive deputy chairman and Mr David Lees as chief executive.

Nine months ago, Mr Gowrie-Smith resigned as managing director of Medeva, the acquisitive pharmaceuticals group which he founded. Mr Lees also resigned as finance director.

"We are very excited to be involved with such a promising company which has good potential," Mr Gowrie-Smith said.

"It is not commonly appreciated that David and I spent years developing an industrial and engineering group, so for us it is like returning to our roots after so many years devoted solely to the pharmaceutical sector."

Hewitt proposes a 1-for-1 rights issue of 3.8m shares at 85p to raise about £2m after



David Lees (left) and Ian Gowrie-Smith: "returning to our roots after so many years devoted solely to the pharmaceutical sector"

expenses. If the issue is fully subscribed, the company plans additional equity capital to raise a further £2.3m.

The company also proposes to allocate three warrants attached to every 10 rights shares. The warrants can be exercised six months after issue at 60p a share.

The rights issue is underwritten by brokers Hichens Harrison, and Summerville, which is controlled by Mr Gowrie-Smith's family. Summer-

vale will be left with a minimum stake of 30 per cent and a maximum of 45 per cent.

The cash raised will be used to repay borrowings and fund working capital. Losses on Hewitt's German activities resulted in a £2m write-down of assets and other costs at the interim stage.

The rights issue is subject to an extraordinary meeting on January 10, and dealing is expected to begin the following day.

Insurers left adrift after losing their selling ties

The future for Standard Life and Guardian Royal has been doubly disrupted. Alison Smith reports

Many life insurance companies feel they have taken a battering over the past year or so.

Sales have been hit by public concern about standards of selling, and the sector faces a heavy task in identifying and compensating the victims of bad advice to buy personal pensions.

Companies are also redesigning their policies and, in some cases, cutting margins ready for the new regulatory regime requiring them to disclose more information to customers about products and charges.

Against this generally bleak background, two life companies - Standard Life, the UK's largest mutual life insurer, and Guardian Royal Exchange, the composite insurance group - face a particular "double whammy" in how they sell their policies.

Both are losing the links which allowed them to sell through the branch networks of the UK's two biggest building societies. At the same time, competition among insurers to sell through independent financial advisers, their other main sources of sales, is intensifying as the number of advisers falls.

In September last year Halifax, the UK's largest society, said it was ending its tie with Standard and setting up its own life insurance and unit trust subsidiaries. These will become operational in January.

This spring, Nationwide Building Society announced it was to stop selling Guardian policies and setting up wholly owned life and unit trust operations, which are due to open in the middle of next year.

In each case, the insurer is saying goodbye to a substantial amount of business. Halifax is thought to provide about 20 per cent of Standard's new

life business. For Guardian the blow is even more serious. In 1993, 30 per cent of its new life business came through Nationwide.

Although clearing up after the personal pensions debacle and meeting the rising cost of regulatory requirements are taking their toll of independent advisers, both Standard and Guardian sound optimistic.

"While the sector will probably shrink in terms of the numbers of independent adviser companies, with smaller ones going to the wall, I don't think that necessarily means their share of the market is bound to decrease," said Mr Richard Wood, marketing director of Guardian. "Those who survive will become more efficient and get more customers."

Mr Tom King, sales general manager at Standard Life, said those leaving the market may represent only about 2-4 per cent of the premium income generated by independent advice.

However, the departures, and the pressures leading others to join together to share costs, are concentrating the market in the large firms and networks of independent advisers, which can decide on a panel of six to eight life companies from which their advisers can choose for any particular product.

"If you're not on the panel you're wasting your time going out to individual advisers," said Mr King. "An individual adviser would have to come up with a special reason for ignoring head office."

Standard said it was well placed to be on panels. Guardian admitted it had a problem.

"We are on virtually all panels for protection policies such as critical illness cover," said Mr Wood. "But our investment performance has made it more difficult to get on to panels for

investment policies."

He believed Guardian's future would be helped by strong general insurance product and other new policies being developed.

New policies are part of Standard's plans as well. Its announcement last month that it would provide better early surrender values for long-term policies, while continuing to pay commission as now to advisers, was seen by competitors as an aggressive move to grab market share.

But the distribution squeeze also means both companies are gradually building up direct sales forces.

Guardian's direct sales force is now growing slowly, after falling to 180 from its peak of more than 1,000 in 1990. Standard's direct sales force has grown from nothing in 1990 to 330.

Mr King said that in three to five years time he would like direct sales to generate about 25 per cent of new business. The aim would be to run on the same cost basis as sales through independent advisers, but Mr King admitted that this had not yet been achieved.

Though the plans for larger direct sales forces make sense in terms of expanding distribution, both companies are embarking on them as regulation makes running sales agents more expensive. And the new disclosure requirements together with the generally low levels of investment returns make controlling costs more important.

If Standard and Guardian can come through these immediate pressures, they will be well-placed for the following year when the prospects for new business are likely to improve. Even so, it is a test neither would have sought.

Scottish Hydro-Electric plc

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 1994

- Sales and profits in Scotland slightly down
- Sales in England and Wales up 41.5% with strong profit growth
- Earnings cut by debt redemption. Underlying earnings increase 18.5%
- Interim Dividend up 9.5% in line with target

"Strong performance in England and Wales more than offset the effect of price reductions in Scotland to produce a good result for the half year. We have therefore raised the interim dividend 9.5% in line with our growth target for the current regulatory period."

"Scottish turnover and profits were slightly down on last year, but sales south of the border were up by 41.5% to over a quarter of total turnover."

"Service to all our customers continued to improve with extensions to the capability of our permanently manned telephone call centres; improvements in appointment performance; disconnections down 95% to only 10 in the period; and a reduced level of customer complaints. We are determined to go on improving our service and a great deal of effort and resources are being focused on this."

"Business development south of the border is going ahead well. A further upgrade of the Scotland-England interconnector has been announced. This will cost Hydro-Electric almost £14 million, increasing our interconnector capacity 44% by 1997."

"Our first combined heat and power (CHP) plant is now fully operational in Dover, while another wholly owned plant, costing £25 million, has been committed in Cheshire for completion in 1998. A further CHP plant, being built at Sellafield by British Nuclear Fuels for our joint ownership, is expected to be ready for commercial service by the spring of 1995; while our new 680MW Keadby Power Station being built with NAWEB is expected to be into commercial operation early next year."

"We have renewed our focus on cost control. Since we began to tackle this in 1989, productivity in the Company has trebled. This is being developed further and we have therefore increased our re-organisation provision by £2.5 million in the half year accounts."

"Operating profit is up over 11%. The redemption in August of the last tranche of expensive Government debt arising from privatisation arrangements cost £18.8 million. This redemption premium has been charged in the 6 months figures and consequently distorts the comparison with last year. Adjusting for the unusual nature of this charge, underlying earnings are up 18.5%."

"Gearing, including our share of the Keadby non-recourse debt, was 30.5% at 30 September (31.7% last year) while, excluding Keadby debt, gearing dropped from 14.9% to 9%. Interest cover improved sharply from 7.8 to 12.7 times."

"At the end of September OFFER, the electricity Regulator, proposed new price control arrangements for Hydro-Electric's Distribution and north of Scotland Supply businesses. These proposals would have had the effect of undermining our growing programme of improving lines, particularly in rural areas. The result would have been a significant increase in the number of power cuts in rural areas over the next 5 years. We said, therefore, that we could not accept the proposals. As a consequence, OFFER has referred the matter to the Monopolies and Mergers Commission, which is expected to report its findings early next summer. We believe that we have a strong case and look forward to a resolution of the issues enabling us to go on improving our service to customers."

"Our position in the Scottish energy market is strong. In addition, next year about 15% of our production capacity will be operating in England. Adding in deliveries through the interconnector, about 30% of our energy will then be available for our customers south of the border, and this will increase to about 40% when all the currently committed projects come on stream by 1998/99. The second half of our financial year has started satisfactorily. We look to the future with confidence in our team and our business strategy."

Lord Wilson of Tillyorn CBE

GROUP PROFIT AND LOSS ACCOUNT (UNAUDITED)

	Note	6 months to 30 September 1994	Year to 31 March 1994	1993	1994
Turnover from continuing operations		367.4	343.8	792.4	
Operating profit		58.5	52.5	177.2	
Losses from interests in associated undertakings		0.2	-	0.2	
Profit on ordinary activities before interest and similar charges		58.3	52.5	177.0	
Net interest payable		4.5	6.9	12.8	
Premium on redemption of bond	2	18.8	-	-	
Profit before taxation		34.9	45.6	164.2	
Taxation		10.4	11.9	42.7	
Profit on ordinary activities after taxation		24.5	33.8	121.5	
Minority interests		0.7	-	0.2	
Profit for the period		25.2	33.8	121.7	
Dividend	3	18.7	15.2	48.5	
Retained profit		6.5	18.6	73.2	
Earnings per share (p)	4	8.57	8.81	31.7	

BALANCE SHEET (UNAUDITED)

	At 30 September 1994	At 31 March 1994	1993	1994
Fixed assets and investments	1,032.2	965.7	1,007.0	
Current assets less current liabilities	(139.9)	(45.5)	(14.3)	
Long term liabilities and provisions	(170.6)	(282.1)	(279.1)	
Minority interests	(0.1)	-	(0.6)	
	721.4	638.1	712.8	
Share capital and reserves	721.4	638.1	712.8	
Net borrowings	65.1	96.3	95.1	
Gearing	9.0%	14.9%	13.3%	

CASH FLOW STATEMENT (UNAUDITED)

	6 months to 30 September 1994	Year to 31 March 1994	1993	1994
Net cash inflow from operating activities	99.9	90.7	218.9	
Net cash (outflow)/inflow from returns on investments and servicing of finance	(4.6)	0.1	(57.7)	
Tax paid	(6.3)	(5.9)	(39.3)	
Net cash (outflow) from investing activities	(42.2)	(48.6)	(89.6)	
Net cash (outflow)/inflow from financing	(134.7)	0.1	6.2	
(Decrease)/increase in cash and cash equivalents	(84.4)	25.4	32.5	

NOTES ON THE HALF-YEAR FINANCIAL STATEMENTS

1. Interim Financial Statements
These interim financial statements have been prepared on the basis of accounting policies consistent with those set out in the Company's Directors' Report and Accounts for the year ended 31 March 1994. The information shown for the year ended 31 March 1994 does not constitute statutory accounts within the meaning of section 204 of the Companies Act 1985 and has been extracted from the full financial statements for the year ended 31 March 1994 filed with the Registrar of Companies. The report of the Auditors on these financial statements was unqualified.
2. Backstop of Bond
On 22 August 1994, the Company redeemed a £10,000 11.88% bond due 2005 at a premium of £10,000.
3. Dividends
The interim dividend of 4.3p (1993 3.3p) per ordinary share is payable on 22 March 1995 to those shareholders whose names appear on the register of members on 23 February 1995.
4. Earnings Per Share
a. Gearing per share has been calculated by dividing the profit for the period by £25,264 (1993 £23,846) by 293,004 ordinary shares (1993 283,546), being the average number of ordinary shares in issue during the period.
b. There would be no significant dilution of earnings per share if the outstanding share options were exercised.
c. Using the definition recommended by the Institute of Investment Management and Research, earnings per share are calculated at 10.7p (1993 8.81p). This calculation has been adjusted for the premium on redemption of debt.



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COMPANY NEWS: UK

Shares fall 6% after downward revision of margins prediction

Racal Electronics rises to £23m

By Simon Davies

Racal Electronics' share price fell 6 per cent yesterday, after the company revealed that it would fall substantially short of its stated target for profits from its data communications division this year.

In June, the communications, radio and network services group predicted profit margins of "well over 5 per cent" for the division, on about £400m of revenue. It admitted yesterday that margins were more likely to be 4 per cent, and most analysts reduced full year profit forecasts from £70m to £60m. The shares closed 13p lower at 233p.

For the six months to October 14, Racal reported pre-tax profits of £23.5m compared with losses of £400,000, after taking account of a £26.8m loss from discontinued operations.

The company has been restructuring its data communications business, which had over-extended in a highly competitive market. However, poor data product sales in Germany and Italy, combined with difficulties in merging two manufacturing operations in the UK, have reduced projected profits.

It has made significant advances in network services, which will benefit from the National Lottery contract, and provide a steadier revenue stream. However, divisional operating profits fell from £3.95m to £3.94m.

At the year end, Racal will have spent £10m on a restructuring, reducing staff by 400 to 11,500, which will benefit the second half.

Group turnover rose to £487.3m (£490.2m), including £491m from acquisitions and £3.78m (£14.4m) from discontinued activities. Operating profits from continuing operations increased from £24.7m to £25.2m, including £293,000 from acquisitions.

Marine and energy division sales suffered from the impact of a weak oil price, and profits fell from £7.54m to £3.48m. However, specialised businesses profits grew by 51 per cent to £13.5m (£8.95m).

There was a net cash outflow of £64.5m, reflecting acquisitions, and costs associated with the National Lottery but it should be cash positive in the second half.

The interim dividend is raised to 1.75p (1.5p) on earnings of 5.71p (losses 0.07p).

COMMENT

The danger of giving profit forecasts is that investors get upset when they are not reached. It is hardly surprising that Racal's failure to achieve its own targets should swamp some positive factors in its performance. On reduced forecasts of £50m for 1994-95, Racal is on a pile of 15.1. If management is right, profits could hit £70m next year, leaving the shares at a discount to the market. But credibility is hard to win back and Racal operates in tough markets, with the pressures of developing a steady stream of products with short lifespans. The lower rating looks deserved.

Smith New Court down 35% but shares up sharply

By Christopher Price

Difficult conditions in the financial markets sent pre-tax profits at Smith New Court, the equities market maker and broker, down 35 per cent from £31.3m to £20.2m for the six months to October 22.

However, Smith shares, which fell initially on the news, rallied sharply following the announcement of merger talks between SG Warburg and Morgan Stanley, amid speculation that it could become similarly involved.

Mr Michael Marks, chief executive, refused to comment on Smith's intentions in this direction. But he predicted that there would be further consolidation in the securities industry. "We are beginning to see the second big fall-out from Big Bang. As we move towards globalisation of world markets, further mergers and acquisitions are inevitable," he said.

Smith shares ended the day 23p ahead at 396p.

The first-half results were underpinned by significantly lower trading volumes in the group's south-east Asian markets, with some down 70 per cent year on year. These were compounded by levels in the London market down by 20 per cent. Smith blamed lower institutional demand for the decline, which in turn was a consequence of investor concern over volatility and rising world interest rates.

Mr Marks described the group's overall performance as "satisfactory", with all areas of business staying in profit. He added that while the group was seeking to identify areas in which to save costs, large-scale staff cuts were not under consideration. "Our customers expect a high level of consistency from our service and we have to maintain that."

Return on capital was 17.5 per cent compared with 36.8 per cent. Earnings per share fell from 44.4p to 19.3p and from 25p to 14.4p on a fully-diluted basis. The interim dividend is maintained at 2p.

The lower level of trading activity was also reflected in a fall in Smith's overseas expansion with no new offices opening. But the company confirmed it was seeking to become a full member of the Tokyo stock exchange when a seat becomes available.

Scottish Hydro-Electric declines 23% to £35m

By David Lascoll, Resources Editor

Scottish Hydro-Electric, the northern Scotland power generator and distributor, saw profits fall in the first half because of regulatory price changes and the cost of government debt redemptions.

However, the company's sales in England and Wales rose sharply, cushioning the impact on the results.

Pre-tax profits in the six months to September 30 fell 23 per cent from £45.6m to £34.9m. The interim dividend was raised by 10 per cent to 4.34p (3.95p) in line with policy of sharing the pay-out by between 8 and 9 per cent in real terms. Earnings fell by 25 per cent to 6.57p (£8.1p). However, the company said the underlying growth was 18.5 per cent.

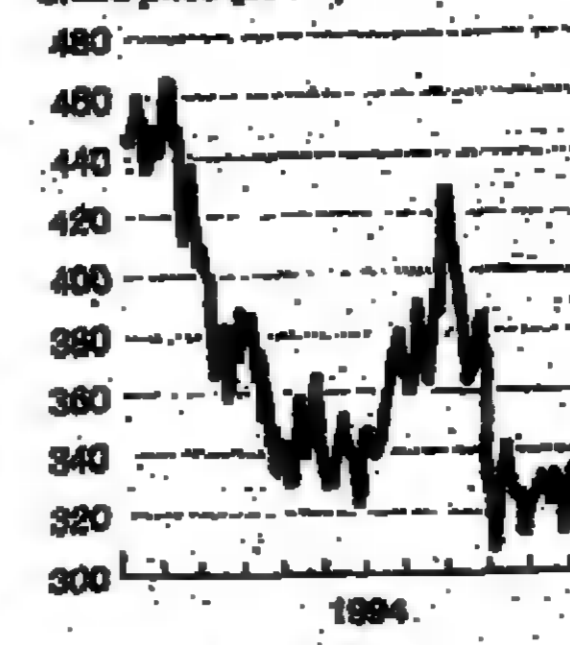
Mr Roger Young, the chief executive, said that revenues in Scotland were reduced by a new regulatory requirement which will cut the generation component of prices in stages over the next four years. By 1998, the prices should be in line with the Great Britain yardstick (GBY), which represents the actual price paid for electricity by regional distributors in England and Wales. The effect in the first half was £3m.

Hydro also redeemed £18m of government debt, at a premium of £18.8m, but this will result in cheaper borrowing. Offsetting these factors was strong sales growth south of the border, where Hydro has three projects which are beginning to produce results.

"The strategy of expansion in England, which we've talked about for some time, is coming through quite strong now,"

Scottish Hydro Electric

Share price (pence)



Source: FT Graphs

said Mr Young: By next year, 15 per cent of generation capacity will be in England.

Hydro-Electric is the only electricity company which did not accept the price formula proposed earlier this year by Oftec, the industry regulator. Oftec has referred the proposal to the Monopolies and Mergers Commission. Mr Young said discussions had begun with the MMC, but it would be several months before the outcome was known.

COMMENT

The factors shaping these results had been well flagged, and they contained no surprises. The big question mark hanging over the company is the MMC inquiry. Although Hydro is thought to have a strong case for rejecting the Oftec formula because of its unusually dispersed market, its commitment to an annual dividend increase of 8-9 per cent in real terms suggests that the cost of serving this market will not impact unduly on earnings. But until this uncertainty is resolved, the shares are likely to show a yield above the sector average.

Hartstone at £2.6m in difficult trading

By Richard Wolfe

Lower interest costs underpinned a six-fold increase in pre-tax profits at Hartstone, the hosiery and leathergoods group, in the six months to September 30.

However the company, which launched a £20m rescue rights issue this year, experienced "difficult" trading conditions in the US and the UK.

Group sales fell to £111m (£125.1m) as turnover from continuing operations declined by

8 per cent. Operating profit was lower at £5.6m (£5.82m). However the pre-tax figure rose to £2.6m (£2.0m), after interest costs fell from £5.3m to £2.8m.

Mr Shaun Dowling, chairman, said: "Customers are leaving purchasing decisions fairly late in the year, while retailers are pretty conscious about margins and are also ordering stock late."

The rights issue helped to reduce gearing from 296 to 39 per cent at the end of November, as net borrowings fell

from £127.3m to £39m. The company hopes to be ungeared within 18 months.

The core US leathergoods business, Etienne Aigner, reported operating profits down 38 per cent to £4m (£5.5m), as unsold stock was sold at discount prices. The company intends to expand its chain of factory outlet stores from 54 to more than 60.

Operating profits at Michael Stevens, the handbags supplier, fell to £1.5m (£1.9m) as it withdrew from vinyl goods at the bottom end of the market.

The UK leathergoods business reported losses of £1.8m. Hartstone now plans to contract out its UK distribution and cut staff from 199 to less than 60 next year.

The hosiery division reported a 20 per cent rise in operating profits to £1.2m (£1m), including a contribution from Coger which was sold to Courtlands Textiles for £45m this year.

Earnings per share rose to 1.1p (0.3p). There is no interim dividend, but the board hopes to recommend a final of 0.35p.

Benson makes £2.4m foam buy

Benson, the engineering group, is acquiring Designart, which trades as Stader Industries, for £2.4m, from Thama Holdings.

The consideration will be met by the sale of Benson's agricultural vehicles spares business to Thama for £1.36m and the issue of 12.6m new shares to Thama. There is also a contingent consideration of

up to £150,000 depending on the availability of tax losses.

Stader, the largest maker of rubber latex foam in the EU, achieved pre-tax profits of £87,000 in the 10 months to October 31, having been loss-making in the previous three years. Net assets at December 31, 1993 were £2.25m.

Benson also announced the

sale and leaseback of two properties which generated about £1.5m in cash, realising a profit of about £200,000.

The directors of Benson said it was their intention to increase the interim dividend by 20 per cent to 0.12p as sales for the half year to November 30 were "significantly ahead" across the group.

Sep rises 81% and makes Dutch buy

Sep Industrial Holdings, the engineering group, reported an 81 per cent rise in full-year pre-tax profits and announced the acquisition of Fastening Driebergen of the Netherlands for £1.2m in shares and cash.

Sep estimates that Fastening Driebergen, which makes fasteners and fixings, will incur a trading loss of £146,000 on turnover of £2.9m for 1994. Net assets at end-1993 stood at £299,000.

Exceptional profits of £689,000 from disposal of assets helped lift Sep's pre-tax outcome from £2.08m to £3.77m for the year to September. Sales rose to £43.3m (£37.7m). Earnings per share including exceptional items were 4.03p (2.87p). A final dividend of 0.6p (0.45p) gives a total of 1.05p (0.8p).

TGI up 40% aided by margins

Continuing focus on margins helped TGI, the loudspeaker systems group, to increase pre-tax profits by 40 per cent on turnover 5 per cent ahead for the half-year ending September 30.

The £703,000 (£501,000) result was struck on sales of £18.2m (£17.3m). Earnings per share worked

through at 2.8p (2p). The £735,000 settlement made to the group during the period by its previous auditors has been used to reduce the goodwill written off on acquisition of the Audix companies in 1988.

The board has declared an interim dividend of 0.85p (0.6p).

Mirror purchase

Mirror Group has paid £27.3m for a long leasehold on its former headquarters at 33 Holborn, London. It will be held for either resale or redevelopment. Planning permission has been granted for a new office building on the site. Under an agreement with the estate of Mr Robert Maxwell, the group was committed to paying an annual rent of £6.1m until 1998.

RANDGOLD

CHAIRMAN'S STATEMENT

for the year ended 30 September 1994 (continued)

DEAR SHAREHOLDER

Last year was the centenary of Rand Mines, the oldest and once one of the greatest of the South African mining houses. Sadly, the Corner House itself was already long gone by then; and its gold mining relic, Randgold, was struggling for survival.

By 1993, Randgold had become marginal in more ways than one: bundled out by its parent company, managed without evident inspiration or enthusiasm, its mines either moribund or showing their age, its employees dispirited and its shareholders disenchanted.

And yet this apparently unimpressive company was not without its attractions - qualities which, in the right hands, could give it a new lease on life. The range in which its shares were trading represented a discount to the value of the underlying assets which was substantial even by mining house standards. Clearly, there was a great deal of potential wealth there waiting to be unlocked. Equally interestingly, it had inherited a large if ill-defined parcel of mineral rights in South Africa and was conducting a promising exploration programme in West Africa. Finally, there were grounds for believing that the performance of the mines could be improved.

In assessing the prospects for such an improvement, it was plain that traditional mining house culture - with its multi-layered hierarchies, centralised controls and onerous management contracts - was inappropriate to the management of marginal mines. Previously balanced on the moving edge of bullion prices, operating on shoestring resources, these mines needed a new approach. Initiative and prudence should be encouraged, rapid responses facilitated, the heavy burden of head-office levies lightened.

In the course of the year under review, a group of shareholders began to see that a new and better future was within Randgold's grasp, provided certain fundamental changes could be made.

As far as our overall strategy was concerned, we decided that what was needed was to break with traditional mining house structures by strengthening the managements at the individual mines and ultimately dispensing with the head office, transferring its functions to the mines themselves, with corresponding adjustments to their management contracts. Over time, this will leave Randgold as a decentralised group of independent mining companies, whose shares can then be unbundled.

When we announced our intentions, we also said we would consider packaging and selling, or listing, Randgold's mineral rights and would review and, where necessary, revise the company's hedging policies. In addition, we would look at the introduction of operating efficiencies, such as the grade control system developed by First Westgold.

On 18 August, Randgold's shareholders resoundingly endorsed this plan.

FINE-TUNING THE STRATEGY

So much for the background to the installation of a new management with a new philosophy. I shall now turn to the developments that have taken place since we took charge of the company some three months ago, and I am pleased to report

that we have made substantial progress on all fronts in this relatively short time.

Our first step was to appoint a number of task forces, comprising Randgold and First Westgold executives as well as external specialists, to scrutinise every aspect of the group's operations closely and critically. Under the leadership of Ted Grobicki, First Westgold's managing director and one of the new Randgold directors, these teams are currently addressing such issues as underground and surface operations, geology, finance, information systems, head office services, human resources and mine managements.

They are due to report back in mid-December, and their findings will be used as the basis for a group strategy conference which will be held at the beginning of January. Thereafter each business unit will formulate its own strategy. All these strategies will have been completed, and approved by the Randgold board, before the end of March.

While this timetable is in line with our original objectives, it was immediately clear to us that there were some pressing priorities which required urgent attention and could not await the formulation of a grand design.

These were:

Durban Roadport Deep
Shareholders have already been advised that we have reversed the former management's decision to close this mine and that underground operations will continue, albeit on a restricted scale. The continued viability of DRD depends on its co-operation with the adjoining Rand Lessee, which will give it the benefits of access to a substantially enlarged ore body as well as of a reduced overhead structure. Discussions regarding such a merger, which would be effected on the basis of acquiring Rand Lessee for DRD shares, are well advanced. On the assumption that it will proceed, consideration is also being given to a rights offer early next year to refinance the company. In the meantime, DRD has succeeded in raising a loan of R40m for working capital and to fund the retrenchment packages of the 450 workers laid off by the previous management.

Downing head office
In line with our objective of increasing the independence of the mines, the size of the head office staff, excluding the exploration department, will be significantly reduced by the end of this year. For purposes of monitoring and mentoring, key functions such as finance and human resources are being retained at head office, while the mines have indicated that such specialist functions as treasury should still be centralised. The other head office services have either been transferred to the mines or will be outsourced in future. The cost of head office retrenchments amounts to some R12.6m and the estimated annual saving will be in the order of R9m.

Cutting management contracts to the mines

As part of the same exercise, negotiations are currently under way regarding the cessation of Randgold's management contracts to the various mines in return for shares. Such contracts are traditional in the mining industry but have become increasingly controversial, particularly at Randgold. In 1993, for example, the group's mines had to pay head office fees of R26.8m in terms of

these contracts in spite of making a combined loss of some R84m. Under the new dispensation, they will be freed of this heavy load and will only pay market-related fees for those services they continue to receive.

Grade control

Effective grade control is essential to the efficient operation of marginal mines. The system which has proved its worth at First Westgold - exploration ahead of the face, accurate sampling and feeding back the assay results within 72 hours - is already producing tangible benefits at ERPM and is being implemented at the other mines.

Lifting the mineral rights

Randgold's exploration division is a capable, well-managed business which has done an excellent job of rationalising the group's extensive South African mineral rights and acquiring promising prospecting and mineral rights in Burkina Faso, Gabon, the Ivory Coast, Mali and Senegal. We are currently considering a variety of proposals, but at this stage it appears most likely that we shall parcel our West African interests together and list these as a separate company in the first half of next year. A possible listing of the Southern African mineral rights will have to await an international re-rating of local mining prospects.

Upon closer acquaintance our initial enthusiasm about Randgold's mineral rights portfolio has, if anything, increased. It is significant that, following the clarification of the group's title to its granite rights through a series of declaratory legal actions, these will be exchanged for Kelgryn shares currently valued at R25m.

Hedging policy

Shareholders have already been advised that all hedging contracts for Blyvooruitzicht and Harmony have been cancelled at a cost of some R11.4m to enable these companies to obtain the maximum benefit from the gold price.

REVIEW OF THE 1994 RESULTS

The group results for the year ended 30 September 1994 include, for the first time, the results of Transvaal Gold Mining Estates Limited (TGME) for the full year and the assets and liabilities for First Westgold Mining (Proprietary) Limited (FWGM) as at 30 September 1994.

Group operating profit before interest increased by 49% to R15.9m (1993: R10.7m) mainly due to a significant improvement in the results of TGME during the second half of the year, a better than expected performance from Rand Mines Windhoek Exploration (Proprietary) Limited, which holds the company's share in the investment in the Navachab Gold Venture, and a decrease in the costs in the company.

Group profit after tax, however, decreased by 41% to R4.9m (1993: R8.3m) mainly as a result of head office retrenchment costs of R12.6m and a decrease in fees from Durban Roadport Deep, Limited.

During the year the write-down against the share premium account, of the company's investments and loans of R83.6m in East Rand Proprietary Mines, Limited (ERPM) was reversed as a result of the restructuring of ERPM, which resulted in an increase in both the share premium and listed investments.

An interim dividend of 4 cents (1993: Nil) per share was declared and paid. The dividend policy is being reviewed to line

with the new strategy. No final dividend is recommended by the directors.

OVERVIEW OF THE OPERATIONS

Blyvooruitzicht

This mine is unavoidably nearing the end of its life and a number of options are currently being considered. These include closing, merging, selling or downsizing the mine. Whichever course is eventually selected, it is clear that in the meantime an extensive restructuring of Blyvooruitzicht's operations will be required to improve its persistent productivity problems. Discussions with employee representatives have already started.

Durban Roadport Deep

One of the new management's first acts was to appoint Roger Keble, managing director of Rand Lessee and a new Randgold director, as managing director of DRD. The proposed merger with Rand Lessee and a subsequent rights offer are the key issues at this mine, as noted earlier in this report.

East Rand Proprietary Mines

An underground exploration programme, scheduled for completion by March next year, will confirm or revise previous predictions regarding the ore reserves, grade and geological structures of the mine's projected central pit. This in turn will determine whether the development of the planned tertiary shaft is necessary, or whether the area can be accessed by way of an incline shaft, which would mean considerable cost savings.

Harmony

Harmony has excellent long-term prospects. These include the mining of two shaft pillars as well as certain other A reef and middle reef targets. In addition there are extensive surface tailings dam reserves which are currently being evaluated. The three existing metallurgical plants have spare capacity available to treat additional rommings from this source and various alternatives are under investigation.

PROSPECTS

Because of the time it will take to effect the fundamental changes in culture, structure and focus which are required, we are allowing three years for the full implementation of the new strategy at Randgold. If we are spared a major catastrophe during that period, it should lead to the emergence of a group of independent gold mining and exploration companies which have developed to the point where the Randgold interest can be maximised for the benefit of its shareholders.

The road ahead is neither straight nor broad and we are under no illusions about the challenges that await us. Still, as Churchill observed, to conquer you have only to persevere. It is in this spirit of energetic dedication that your management team is facing the future.

Peter Flack

Executive Chairman

9 December 1994

GPA 205410

COMPANY NEWS: UK

Acquisition of last of London Regional Transport's bus franchises

Cowie cash call for £16.3m buy

By Simon Davies

Cowie Group, the car leasing and motor trading company, yesterday became London's largest bus operator, through the purchase of the last of London Regional Transport's 10 franchises, South London.

The company is to raise £20.1m from a rights issue to fund the £16.3m acquisition, which follows Cowie's recent £29.9m purchase of Leaside Buses, based in north London.

The 1-for-8 rights issue is priced at 190p. Cowie's share price rose 6p yesterday, to close at 224p.

The group will now operate 1,000 local London buses. It has forecast that its bus and coach businesses - including Hughes Daf, the bus distributor, and

Grey-Green bus and coach operator - will account for 25 per cent of next year's profits.

Mr Gordon Hodgson, chief executive, described South London as a "distressed sale". It has been threatened with the loss of its licence if it does not improve vehicle maintenance standards by April 30. He is confident this can be achieved.

The franchise made £23,000 profits on a £18.8m turnover last year. However, a programme of fleet renewal will substantially lower maintenance costs.

In addition, management will be centralised to cover Cowie's two London franchises, taking out more costs. Cowie is targeting 15 per cent operating profit margins, representing profits of £2.5m.

Mr Hodgson said Leaside

was already achieving double digit margins, compared with the 1.4 per cent achieved last year.

The consideration for South London includes the payment of £6.2m of intra-group loans and goodwill of just £1.4m.

Cowie also announced that pre-tax profits for 1994 would be at least £41m and that it would propose a final dividend of 6.4p, making 9.125p for the full year, up from 7.85p.

Mr Hodgson said the group was looking to build up its bus operations in the UK further. "We don't intend to stop here."

The group gets the additional benefit of selling new vehicles through its distribution arm.

● **COMMENT**

Yesterday's rise in Cowie's

share price was a fitting response to an astute realignment of the group. Motor retailers are hitting harder times, and their shares have

acted accordingly. But by the end of next year, Cowie will make more money from buses than from car sales. Bus operators benefit from substantial economies of scale, and with three London operations, margins should rise sharply. Meanwhile the finance business continues to perform well, making

up for flat car sales. On the company's own forecast, the shares are on a 1994 p/e of 9.8. Profits should reach 500m next year, representing a 9.5 p/e. Given the higher quality of earnings, and the management performance at Leaside, they offer good value.

Montagu Private Equity has raised £170m from four UK and continental European institutions and £250m from HSBC Group, its parent, for investment in unquoted companies.

Montagu intends to raise £500m in what it is calling a Private Equity Partnership Scheme. HSBC is committed to invest at least as much as each co-investor in every deal.

This is the first time that Montagu Private Equity (MPE) has raised this amount of capital from institutions other than its parent and signals HSBC's intention to increase its presence in private equity investment.

The move confirms MPE as one of the UK's three largest providers of private equity capital.

The new funds will add to the £100m of new money raised by UK venture capital and management buy-out financiers recently. The British Venture Capital Association says that in the eight months to August, UK fund managers have raised over £2bn - more than three times as much as in the whole of 1993.

MPE's investors committed the funds for five years, but Mr Ian Forrest, its managing director, said he hoped to develop a long-term investment partnership with this small number of investors.

Mr Forrest said these institutions had not been significant investors in private equity before.

MPE has invested about £100m a year recently and intends to continue to invest at a similar rate. "We are saying we have a lot of money for this class of asset and the ability to be a long term partner (with businesses)," Mr Forrest said. "HSBC is saying this is a core business for investment banking."

The fund raising not only increased MPE's management fees, but also provided the firepower to underwrite the total equity requirement of any transaction.

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In contrast the healthcare group margins are more than 21 per cent. Sales and profits from the group's 15 hospitals were up 10 per cent at £86.7m and £14.4m respectively.

Net debt at the end of the year was up from £24.3m to £213.4m. Interest payable rose from £5.3m to £7.1m, covered 8.8 times.

● **COMMENT**

The City was looking for reassurance following the bold acquisition of Canteen. Compass is acting swiftly, building

its management teams, relocating the headquarters, investing in new systems, and getting out of loss making contracts. There appears no reason to doubt that margins have

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Institutions contribute to MPE fund-raising

By Richard Gourlay

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Greycoat makes £3.5m and focuses on offices

By Simon London, Property Correspondent

Greycoat, the property developer which raised £47m from a rights issue in June, has returned to the black with interim pre-tax profits of £3.5m, against a £43.5m loss previously.

The company, which was rescued from the brink of collapse a year ago and has since restructured its board of directors, also said that it planned to concentrate on developing offices in central London.

Mr Peter Thornton, managing director, said office buildings were likely to outperform retail or industrial premises in a relatively low growth, low inflation environment.

In central London, demand for modern space far outstrips potential supply, the company said. It expects its investment to deliver an annual total return of about 11 per cent until the end of the decade.

Greycoat has an interest in three large central London development sites:

● Paternoster Square, next to St Paul's Cathedral, where planning permission has been granted for 750,000 sq ft of offices. The company is attempting to arrange funding with institutional investors for the £375m development and hopes to start work by the middle of next year.

● Moor House in the City, which will not be considered for redevelopment until 1997, when break clauses in existing leases come into effect.

● Victoria Interchange, adjacent to Victoria Station, where Greycoat will next year submit a planning application for 275,000 sq ft of offices. However, rents have to rise significantly before development is worthwhile.

Mr Thornton said Greycoat was in talks which could lead to the acquisition of an interest in two or three additional development sites.

In the six months to September 30, gross rental income fell from £30.1m to £16.7m, although last year's figure included £4.9m rent from Brit-

tannic House in the City, which has since been sold. Included in this year's figure is £2.1m rental income from 123/151 Buckingham Palace Road, where Greycoat took full control in August. In a full year, rental income from the building should be £13.3m.

Administrative costs were unchanged at £1.7m. Last year's interim loss included £5.7m expenses relating to the rescue package.

Mr Michael Beckett, who took over as non-executive chairman in September, said the company was committed to keeping administration costs steady in real terms.

Profits from the sale of two investment properties in London and Newcastle contributed £2.8m, against a loss on disposal of £5.2m in the first half last year. Finance costs fell to £1.2m (£2.1m).

Earnings were 3p, against a loss of 22.7p, adjusted for the rights issue. The company is not paying an interim dividend, but expects to declare a final dividend of 0.6p.

Greycoat's share price rose 10p yesterday, to close at 224p.

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Astronomical cost has kept the future of personal communications up in the air.

We've just brought it down to Earth.

Today's market is clamoring for truly portable, global personal communications. But the costs of such a system – costs that will ultimately come out of the consumer's pocket – have remained dauntingly high. Until today. Because today we launch the Odyssey™ system, a constellation of medium-earth orbit (MEO) satellites. In a world in which most people lack access to even basic telephone service, this satellite-based mobile communication system will provide convenient, effective, consistent communications to subscribers around the globe. And it will do so at a price that compares favorably with cellular service.



Directed antenna coverage concentrates service on land masses worldwide. Dual-satellite coverage provides even greater assurance of reliable communications.

FROM URBAN CENTERS TO THE MOST REMOTE CORNERS OF THE GLOBE

The Odyssey handset, essentially a palm-sized earth station, will operate in both cellular and satellite modes. Where terrestrial service exists, the Odyssey system will augment it, regardless of regional or carrier compatibility. Where it is absent or interrupted, your handset will link you directly – and transparently – to an Odyssey satellite.

MEO virtually eliminates the voice delay of geostationary (GEO) satellites and minimizes the shadowing effect of buildings and other obstacles that interrupts low-earth orbit (LEO) and cellular systems.

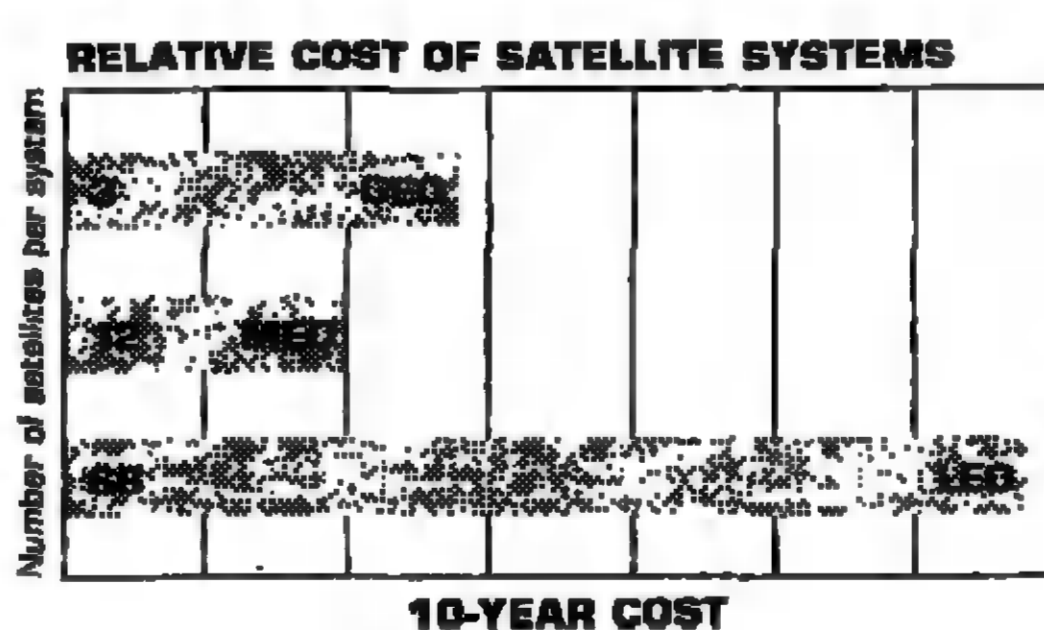
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For more than three decades, TRW Inc. has stood at the forefront of space communications, enjoying a worldwide reputation built on innovation, reliability and technical excellence. Teleglobe Inc., through its subsidiaries, operates one of the world's most extensive digital telecommunication networks and is a quickly emerging leader in the global mobile arena.

Together, TRW and Teleglobe create the driving force behind Odyssey.

THE BEST VALUE FOR THE USER

Simpler technology and faster start-up are scheduled to bring Odyssey into global service in 1999, before any other system. Superior service and minimal user cost will attract subscribers worldwide.



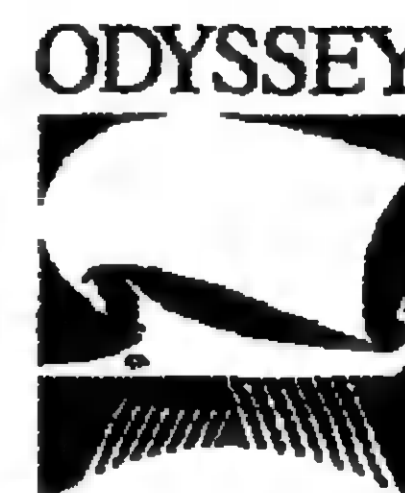
Licensing authority for the Odyssey system is expected in early 1995. Unlike other systems, it will use frequencies already allocated for this type of service

and components derived from proven TRW technology. Initial start-up costs will be 60 percent lower than for the two other major systems in a recent study.* And Odyssey's constellation price will be fixed. Estimating over a 10-year period, replacement satellites for the other systems evaluated will give Odyssey an even more dramatic cost advantage. Just as importantly, subscriber projections indicate that Odyssey will offer the best value for the end-user.

Today, TRW and Teleglobe forge a new alliance to launch Odyssey. For more information, please contact:

North America & South America
(New York) Tel.: 212 903 4267
Europe (London) Tel.: 081 247 0123
Asia (Hong Kong) Tel.: 852 845 1008

the adventure is just beginning



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COMMODITIES AND AGRICULTURE

Russia plans to step up oil exports as output tumbles

By John Lloyd in Moscow

Russia is to increase its exports of oil in spite of still tumbling oil production. At the same time, Mr Yuri Shafaruk, the energy minister, has made a strong plea for extra financing from the budget to invest in the industry.

Ministers are now counting on energy exports doubling in the next 10-15 years, as part of a strategic decision to export oil in order to raise funds for the modernisation of the industry.

Oil exports are expected to amount to 85m tonnes this year (80m tonnes in 1993) while gas exports should hold steady at about 100bn cu m, according

to Mr Vitaly Bushuyev, the deputy energy minister.

These aspirations assume cutting back further on sales to the former Soviet states, most of which cannot afford to pay world prices for their oil - and on restricting the supply to the domestic market by the energy saving measures. "The most important part of the strategy is increasing the efficiency of energy consumption," Mr Shafaruk told a commission of ministers on Wednesday.

Figures released yesterday to the official news agency, Tass, show some 275.2m tonnes produced from January to November this year - down 12 per cent on the same period last

year. Gas production was also down, but much less markedly, at 549.8bn cu metres, a 2.1 per cent fall.

The production of the main Russian oil companies was: Rosneft (a holding company including several enterprises), 111.4m tonnes; Lukoil, 39.9m tonnes; Sibneft, 31.8m tonnes; and Yukos, 24.8m tonnes.

Mr Shafaruk, also in comments to TASS, warned that at least Rb24,000bn (94.7bn) would be needed for modernisation and reconstruction schemes this year. The coal sector, he said, was in particular need of modernisation - and of the closing down of exhausted pits, something the coal industry committee has yet to tackle.

Concerns linger over seabed settlement

Canute James reports on doubts about the effectiveness of a new UN authority

Behind the back-slapping and mutual congratulations on a job well done, some long-standing concerns lingered after last month's inaugural meeting of the International Seabed Authority.

Uncertainty remains about how well the new United Nations agency, which will monitor the exploitation of the mineral wealth of the international seabed, will implement the Law of the Sea Convention, the broad treaty which took 13 years of contentious negotiation before it could be knashed into a shape digestible to all UN members.

Despite this, there is consensus that the treaty, and the establishment of the ISA, was no mean achievement.

The prevailing sentiment was captured at the inauguration by Mr Boutros Boutros-Ghali, the UN secretary general. "The convention is a realisation of the pursuit of progress through a competition for spoils," he said. "It is a rejection of the notion that economic might can transcend fundamental national rights. It is a strong disavowal of the tactics of gunboat development. This is a historic day."

Mr Karl Wobbe, the VAW board member responsible for aluminium production, said yesterday a sudden change in power availability in Germany played an important part in the decision to keep open the smelter here, at Stade and at Hamburg (the last is one third owned by VAW).

Various factors, such as the severe drop in industrial activity in the former East Germany and closures in the country's chemical industry had

The creation of the Authority was made possible by changes to a section (Part XI) of the convention, which was adopted by the UN in July. It went a long way towards meeting the competing demands of developing and industrialised countries about how best to share the trillions of dollars worth of polymetallic nodules that are lying on the international seabed, outside the economic zone of any country.

The nodules contain copper, nickel, manganese and cobalt, and a variety of other minerals. With the resources of the international seabed having been declared the "common heritage of mankind" by the UN, developing countries wanted a treaty that would guarantee that they would benefit from deep seabed mining, despite their lack of the technology and financial resources.

This "parallel system" for sharing concerned the governments of industrialised countries, who argued against a government-controlled agency that would not adhere to market principles.

The Part XI compromise aims at resolving problems

relating to the deep seabed mining provisions of the treaty, including the costs to some countries, the mandatory transfer of technology, production policies, financial terms of mining contracts, and the conduct of the Enterprise, the economic arm of the Seabed Authority.

"We still have problems with Part XI," said Mr Joseph Warioba of Tanzania, one of the architects of the convention. "Some say it has killed the parallel system, while others say it has removed obstacles so that many states have accepted the Convention."

The changes appear to have done neither for the US, one of the fiercest critics of the early efforts to fashion the treaty and establish the ISA. While the convention is important for securing solutions to the problems of the use and conservation of the ocean, said Mr Wesley Scholz, leader of the US delegation to the ISA, there are three factors which will determine broad-based support for the authority.

"First is the recognition of the importance of free market

principles," he said. "Second is the recognition that those with major economic interests affected by the actions taken by the authority must be given a role commensurate with those interests."

Third is the recognition that the evolution of the International Seabed Authority and the elaborating of the regime for commercial purposes must be in response to the evolution of commercial interests in mining.

Mr Scholz warned against over-regulation of seabed mining, interference in the market, excessive fees and taxes and political interference, saying the authority should act in a manner that would earn the confidence of potential investors.

Delegates from several developing countries said the US position was not new, but was surprising in the light of "unanimous" concessions made by the developing countries to satisfy the concerns of industrial states.

China, which has already invested heavily in deep seabed mining, admitted that the convention was an imperfect instrument.

The industrialised countries, which have or can develop the technology for deep seabed mining, do not all appear as concerned as the US about the future operations of the ISA. The European Union "is looking forward to co-operating fully with other members of the authority, and trying to ensure that the system works effectively and efficiently," said Mr Tono Sisti, chairman of the German delegation, who spoke on behalf of the EU.

By all indications, Japan is satisfied with the agreement reached for mining the international seabed. "By streamlining the structure of the authority and removing excessive regulations... the agreement provides an economically sound and visible framework which will improve the climate for investing in deep seabed mining," said Mr Hisashi Owada, Japan's permanent representative to the UN. "The development of deep seabed mineral resources is of considerable importance to Japan, whose economy relies on imports of such metals as manganese, cobalt and nickel, which can be produced from polymetallic nodules."

Sugar market 'could go higher'

By Deborah Hargreaves

The sugar market could move higher in coming months after breaking through a four-year high of 15 cents a pound recently, according to the latest analysis of the market by ED&F Man, the London commodity house.

"In this situation, even routine offers are enough to reinforce the underlying support for prices," the report says. But a market report from the International Sugar Organisation, which represents the world's leading producers, cautions against expectations of big price increases. The organisation believes that price growth above 15 cents a pound

will "dry up physical demand from the price-sensitive importers which account for the lion's share of the world sugar trade."

Purchases from China have fuelled much of the excitement in the sugar market in recent months. The country is facing shortages of sugar after the second successive domestic shortfall in supply of over 1m tonnes.

Russia is also likely to import sugar this season following a 40 per cent drop in the beet harvest to 1.5m tonnes. E.D. & F. Man estimates consumption at 4.5m-4.8m tonnes, indicating a need for substantial imports. The sugar organisation esti-

mates that the 1994/95 world sugar balance will be in deficit by 1.9m tonnes with production at 112.5m tonnes and consumption at 114.4m tonnes. But it points to the fact that the current and previous deficits must be viewed in the context of surplus output in the preceding two cycles.

"Thus the present situation is tight but we believe still manageable in statistical terms," the organisation says. Man agrees that global supply tightness may have been exaggerated to some extent. But in the medium term points to "further upside potential" on the back of Chinese, Russian and Middle Eastern out-

VAW decides to shut Bavarian aluminium smelter

By Kenneth Gooding in Neuss

VAW will permanently shut its Toeging aluminium smelter in Bavaria at the end of next year but the rest of its smelters in Germany have been reprieved at least till the year 2000.

Mr Karl Wobbe, the VAW board member responsible for aluminium production, said yesterday a sudden change in power availability in Germany played an important part in the decision to keep open the smelter here, at Stade and at Hamburg (the last is one third owned by VAW).

Various factors, such as the severe drop in industrial activity in the former East Germany and closures in the country's chemical industry had

ended Germany's power shortage.

Electricity suppliers had offered power contracts to the Neuss and Hamburg smelters to 2000 at prices that made them internationally competitive. Negotiations were going ahead about the Stade smelter's contract but Mr Wobbe was optimistic about the outcome.

Costs had also been cut by the streamlining forced on VAW by the crisis in the global aluminium industry, which last year saw the group cut its workforce by 2,000 to about 14,000.

However the Toeging smelter, despite being supplied by hydro-electric power and

using modern technology, could not be made competitive because its essential raw material, alumina, had to be trucked 600km through Germany, which was much more expensive than shipping the material to other smelters from Australia.

Toeging's annual capacity is 90,000 tonnes but at present it is producing only 30,000 tonnes. The smelter, which was recently as 1989 employed 850 will be converted into a recycling plant with 100 employees.

The Neuss smelter's annual capacity is 210,000 tonnes but output is more than 10 per cent below that because VAW has joined in the round of global production cuts that followed the international trade agree-

ment between some aluminium producing countries, signed in February in Brussels.

Stade's capacity is 70,000 tonnes but it is operating at 10 per cent below that. VAW operates the Hamburg smelter, where Reynolds Metals of the US and Austria Metall own the other two thirds equally between them.

Mr Wobbe said despite the recent sharp improvement in aluminium prices, VAW would continue to keep to the spirit of the February agreement and he felt other big producers would do the same. That suggested capacity would not be reactivated before the middle of next year.

VAW also has a 20 per cent shareholding and is operator of

the Alouette smelter in Quebec. Mr Wobbe said Quebec Hydro had given the partners an extension to March to make up their minds about taking up an option on low cost power and to more than double the smelter's capacity to 450,000 tonnes.

Many of the partners were in favour of the expansion, which would cost US\$1bn and be completed by 1998. The project made excellent economic sense but VAW would not need extra metal as early as that and strategically his group would prefer to spend its capital on downstream operations closer to the ultimate consumer. Nevertheless, VAW was looking for ways to remain involved in the Alouette expansion, he said.

MARKET REPORT

LME copper market recovers strongly

COPPER prices staged a strong recovery at the London Metal Exchange yesterday afternoon in expectation of a sizeable LME stocks fall being announced today.

NICKEL edged lower on a report from the Norilsk mine at Talnakh, Russia, that repair

work was almost complete and the mine had been working at capacity for three days. Power problems at Norilsk have been buoying nickel prices for the past month.

ALUMINIUM took heart from copper's strength but a repeat of recent fund liquida-

tion capped the rise.

COFFEE futures ended down after speculators and jobbers liquidated long positions built up ahead of Wednesday's Brazilian stock audit, which was in line with recent estimates.

Compiled from Reuters

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Assamgold Metal Trading)

■ ALUMINIUM, 99.7 PURITY (\$ per tonne)

Close 1870-1 1868.5-7

Previous 1837-8 1835-6

AM Official 1844-5 1841/1838

AM Official 1844-5 1841/1838

Open Int. 256,452

Total daily turnover 50,271

■ ALUMINIUM ALLOY (\$ per tonne)

Close 1825-55 1820-5

Previous 1810-5 1805-5

AM Official 1810-5 1805-5

AM Official 1810-5 1805-5

Open Int. 2,978

Total daily turnover 533

■ LEAD (\$ per tonne)

Close 821-0 817-0

Previous 819-0 815-0

AM Official 819-0 815-0

AM Official 819-0 815-0

Open Int. 43,447

Total daily turnover 9,453

■ NICKEL (\$ per tonne)

Close 8775-55 8910-20

Previous 8615-25 8700-80

AM Official 8615-25 8700-80

AM Official 8615-25 8700-80

Open Int. 67,893

Total daily turnover 18,851

■ TIN (\$ per tonne)

Close 9875-55 9970-50

Previous 9850-50 9940-50

AM Official 9850-50 9940-50

AM Official 9850-50 9940-50

Open Int. 102,610

Total daily turnover 21,828

■ ZINC, special high grade (\$ per tonne)

Close 1123.5-4.5 1123-3

Previous 1108-9 1107-8

AM Official 1108-9 1107-8

AM Official 1108-9 1107-8

Open Int. 102,610

Total daily turnover 21,828

■ ZINC, special high grade (\$ per tonne)

Close 1123.5-4.5 1123-3

Previous 1108-9 1107-8

AM Official 1108-9 1107-8

AM Official 1108-9 1107-8

Open Int. 102,610

Total daily turnover 21,828

■ HIGH GRADE COPPER (COMEX)

Close 136.55 +2.25 136.80 134.50 6.572 1,232

Jan 135.00 +3.45 135.00 134.50 1.357 18

Feb 134.00 +3.55 134.00 133.50 1.357 44

Mar 133.00 +3.65 133.00 132.50 1.357 7,291

Apr 131.15 +3.40 131.00 130.50 891 22

May 124.40 +3.15 124.50 123.75 3,307 1,073

Total 28,879 16,144

■ LME ALUMINIUM (COMEX)

Close 1870-1 1868.5-7

Jan 1860-5 1855-5

Feb 1850-5 1845-5

Mar 1840-5 1835-5

Apr 1830-5 1825-5

May 1820-5 1815-5

Jun 1810-5 1805-5

Jul 1800-5 1795-5

Aug 1790-5 1785-5

Sep 1780-5 1775-5

Oct 1770-5 1765-5

Nov 1760-5 1755-5

Dec 1750-5 1745-5

Total 28,879 16,144

■ LME NICKEL (COMEX)

Close 8775-55 8910-20

Jan 8615-25 8700-80

Feb 8515-25 8600-80

Mar 8415-25 8500-80

Apr 8315-25 8400-80

May 8215-25 8300-80

Jun 8115-25 8200-80

Jul 8015-25 8100-80

Aug 7915-25 8000-80

Sep 7815-25 7900-80

Oct 7715-25 7800-80

Nov 7615-25 7700-80

Dec 7515-25 7600-80

Total 28,879 16,144

■ LME ZINC (COMEX)

Close 1123.5-4.5 1123-3

Jan 1113-3 1108-9

Feb 1103-3 1098-9

Mar 1093-3 1088-9

Apr 1083-3 1078-9

May 1073-3 1068-9

Jun 1063-3 1058-9

Jul 1053-3 1048-9

Aug 1043-3 1038-9

Sep 1033-3 1028-9

Oct 1023-3 1018-9

Nov 1013-3 1008-9

Dec 1003-3 998-9

Total 28,879 16,144

PRECIOUS METALS CONTINUED

■ GOLD COMEX (100 Troy oz; \$ per oz)

Close 377.8 +0.5 378.3 374.8 1,770 2,291

Jan 377.8 +0.5 378.3 374.8 1,770 2,291

Feb 377.8 +0.5 378.3 374.8 1,770 2,291

Mar 377.8 +0.5 378.3 374.8 1,770 2,291

Apr 377.8 +0.5 378.3 374.8 1,770 2,291

May 377.8 +0.5 378.3 374.8 1,770 2,291

Jun 377.8 +0.5 378.3 374.8 1,770 2,291

Jul 377.8 +0.5 378.3 374.8 1,770 2,291

Aug 377.8 +0.5 378.3 374.8 1,770 2,291

Sep 377.8 +0.5 378.3 374.8 1,770 2,291

Oct 377.8 +0.5 378.3 374.8 1,770 2,291

Nov 377.8 +0.5 378.3 374.8 1,770 2,291

Dec 377.8 +0.5 378.3 374.8 1,770 2,291

Total 28,879 16,144

■ PLATINUM NYMEX (100 Troy oz; \$ per oz)

Close 402.1 -0.4 402.5 402.5 14,555 1,920

Jan 402.1 -0.4 402.5 402.5 14,555 1,920

Feb 402.1 -0.4 402.5 402.5 14,555 1,920

Mar 402.1 -0.4 402.5 402.5 14,555 1,920

Apr 402.1 -0.4 402.5 402.5 14,555 1,920

May 402.1 -0.4 402.5 402.5 14,555 1,920

Jun 402.1 -0.4 402.5 402.5 1

MARKET REPORT

Merger story helps stabilise nervous equities

By Steve Thompson

London's equity market was given a massive shot in the arm after confirmation of long-running stories that a bid move against S.G. Warburg, perceived to be the UK's flag-ship merchant bank, could be in the offing.

News that Morgan Stanley, the world-ranked US investment bank, is seeking a merger with Warburg sent the UK company's shares soaring and deflected some of the market's worries about the mini-Budget forced on the chancellor by the defeat of the government's proposed VAT tax on domestic fuel.

News that the chancellor had elected to shift the tax burden from domestic fuel on to the consumer sector came as no surprise to a market which had braced itself to expect such moves. Brewers, distillers and, to a lesser extent, the oil companies, are expected to under-perform the market this morning.

On the other hand, the utilities, hit by worries that the mini-Budget could have included moves to penalise the highly profitable electricity distribution stocks, generators and water companies, staged a good rally after escaping the latest tax net.

At the close of the session the FT-SE 100 Index was 3,013.8, after having swung in a 20-point arc, while the FT-SE Mid 250 Index settled a net 2.6 firmer at 3,427.9.

Embellishing a trading session bursting with news and stories was the unofficial market debut of BSkyB, the satellite television company, which got off to an encouraging

start. The house would not comment on its value but it was said to be an ultimate figure as high as £16.

James Capel believes the US bank such as JP Morgan might enter the fray, perhaps because it merely wants to see the exit price bid higher but also because it has previously expressed an interest. Warburg shares closed 115 up at 791p on turnover of 10m, the second most active volume recorded in the stock market. Morgan Stanley was trading 41 higher at 877p in New York as London closed.

UBS, however, takes a more downbeat view. It believes that any merger will run into big regulatory problems and a

premium to the cash market was 4 points, or 2 points above fair value.

Activity was again minimal. Lots dealt totalled 18,672, but this included close to 10,000 contracts of spread trading as dealers rolled over into the March contract.

One point of interest was the widening in the premium at which the March contract sells above December - from 13 points on Wednesday to 15 at the outset yesterday, and almost to 18 at the close.

Dealers interpreted this as a clear sign of investor optimism as takeover fever gripped the City's securities houses following news of S.G. Warburg's merger discussions. Traded option volume fell to 24,586 lots, from 33,407 on Wednesday, with FT-SE and Euro FT-SE business accounting for 19,000. Retailer Argill was the most active stock option, having 761 contracts dealt.

BZW issued a novel £3bn warrants basket linked to smaller companies, which the investment bank claimed is the first of its kind. The 50 companies have an average market capitalisation of £200m.

adopted the view that the talks were the start of what could be one of the biggest takeover battles in the UK financial sector.

"The view in the market is that Warburg is now very much 'in play' and that a 'serious take-out' price will need to be well in excess of £12.50 a share," said one trader.

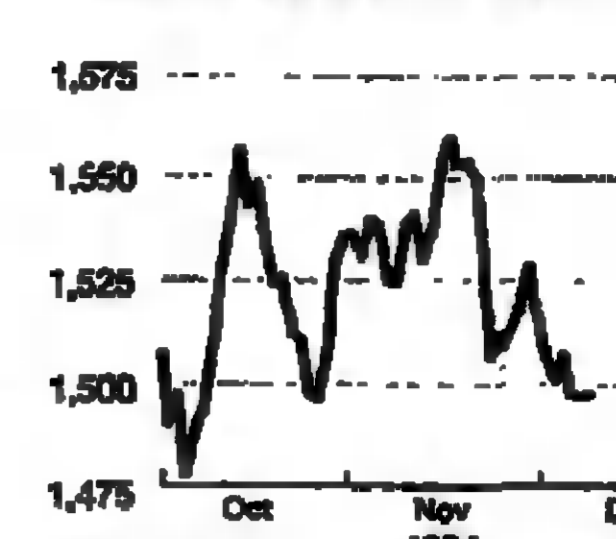
"JP Morgan was said to have been in talks with Warburg two years ago, and has to be seen as a serious contender to launch a counter to any merger offer from Morgan Stanley," he added. Dresdner Bank was also viewed as a likely counter-bidder to any moves.

The Warburg/Morgan Stanley news electrified the rest of the financials area, where other merchant banks and brokers were chased higher. Smith New Court's interim figures, although well down

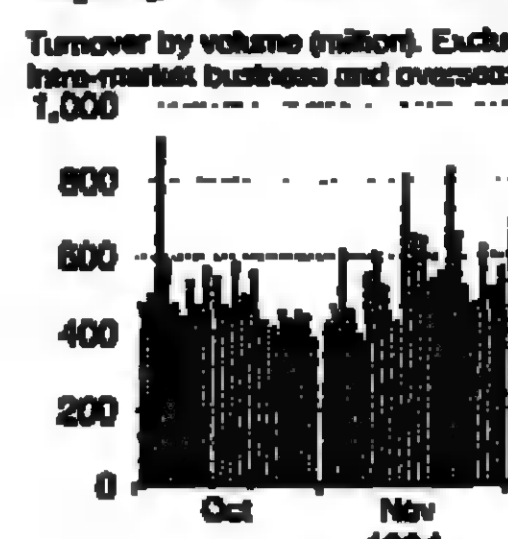
from last time, were much better than some analysts had forecast, and the securities house - long regarded as the most astute market-makers in the City - was seen as a prime target for other international financial services groups.

Transatlantic events, which have tended to dominate European markets in recent weeks, played a much quieter part, although Wall Street was showing ominous signs of weakening some two hours after London closed. Dealers in London continued to point to the worrying events in the US, where Federal Reserve chairman Mr Alan Greenspan recently spoke of the need to restrain the US economy. The bankruptcy of Orange County, in California, and the Magellan Fund's difficulty, were cited as further causes for concern.

FT-SE-A All-Share Index



Equity Shares Traded



Key Indicators

Index and ratios	Value	% Chg
FT-SE 100	3013.8	+2.6
FT-SE Mid 250	3427.9	+1.3
FT-SE-A 350	1509.8	+0.7
FT-SE-A All-Share	1496.99	+0.57
FT-SE-A All-Share yield	4.08	(4.08)

Best performing sectors

Sector	% Chg
1. Merchant Bank	+7.5
2. Gas Distribution	+1.1
3. Pharmaceuticals	+1.1
4. Other Financial	+1.1
5. Life Assurance	+1.1

Worst performing sectors

Sector	% Chg
1. Retail, General	-2.1
2. Banks	-0.5
3. Services	-0.5
4. Electronic & Elect Eq	-0.5
5. Building & Construct	-0.4

Warburg bid war starts

The merchant bank sector was sent alight with news that S.G. Warburg and big US investment bank Morgan Stanley were in merger talks.

Speculation had been smouldering for some time, although it had focused on US rival JP Morgan. Yesterday it flared up, prompting a Stock Exchange announcement that share prices shown on dealing

screens were merely indicative. An hour of intense upward pressure saw Warburg shares up 145p at their best and forced the UK merchant bank to announce that it was in talks.

"Warburg has just bought itself into play and this one's going through the roof," said one dealer. "It could go to £12 or £15."

Many saw it as the opening of an auction that could include banks such as Dresdner, of Germany. Credit Lyonnais said: "It is a once in a decade event when a leading financial institution in the UK puts its hands up and effectively says it would be better off as part of a larger group."

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ment arm, leapt 39 to 653p.

Technical pressure was behind a slide of 7 to 436p in British Aerospace rather than any retching on Wednesday's monopolies referral for the bids from both BAE and GEC for submarine maker VSEL. VSEL was 2 lower at 1336 while GEC was steady ahead of today's interim results at 275p.

Yesterday's increase in duty on alcohol by the UK Chancellor brought a retreat to several stocks in the sector. Whitbread gave up 6 to 553p, and Guinness a penny to 438p. Bass, relinquished a penny to 518p with sentiment further hurt by a sell recommendation from NatWest Securities.

Electronics group Racal tumbled 15 to 285p. A 4.5m turnover as analysts found clear signs of margins pressure in the interim statement and promptly downgraded full-year profits estimates. NatWest Securities came down by 55m to 560m but found the shares attractive at present levels, close to its net asset value of close to 195p.

The re-awakening of bid fever, prompted by the Warburg situation, spread like a virus and marketmakers were soon rounding up the usual suspects. It was harder to see a stronger rationale for stories that Glaxo was sharpening its claws for either Wellcome or Zeneca. All three ended up brighter on the day however with Glaxo gaining 7 to 629p, Wellcome 11 to 875p and Zeneca 11 to 857p.

Carlton Communications fell 10 in early dealing on worries

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures gained ground in thin volumes, with much of the day's activity generated by the looming expiry of the FT-SE 100				December contract, writes Jeffrey Brown.			
				At the close of pit trading the December contract was 3,016, up 9 points. The			
FT-SE 100 INDEX FUTURES (225 pips per full index point)							
	Open	Settle	Change	High	Low	Est. Vol.	Open
Dec	3000.0	3010.0	+10.0	3020.0	2995.0	19705	3008.0
Mar	3025.0	3035.0	+10.0	3045.0	3010.0	10015	3023.0
Jun	3050.0	3060.0	+10.0	3070.0	3035.0	1357	3048.0
FT-SE 250 INDEX FUTURES (250 pips per full index point)							
	Open	Settle	Change	High	Low	Est. Vol.	Open
Dec	3420.0	3432.0	+12.0	3455.0	3400.0	180	3417.9
Mar	3454.5	3469.0	+14.5	3494.5	3454.5	170	3458
FT-SE 500 INDEX FUTURES (250 pips per full index point)							

FT-SE MID 250 INDEX FUTURES (225 pips per full index point)

Open	Settle	Change	High	Low	Est. Vol.	Open	Settle
Dec 3400.0	3420.0	+20.0	3430.0	3400.0	170	3410.0	3427.9
Mar 3425.0	3445.0	+20.0	3455.0	3420.0	170	3435.0	3447.9
Jun 3450.0	3470.0	+20.0	3480.0	3450.0	170	3460.0	3477.9

FT-SE 350 INDEX OPTION (225 pips per full index point)

Open	Settle	Change	High	Low	Est. Vol.	Open	Settle
Dec 3400.0	3420.0	+20.0	3430.0	3400.0	170	3410.0	3427.9
Mar 3425.0	3445.0	+20.0	3455.0	3420.0	170	3435.0	3447.9
Jun 3450.0	3470.0	+20.0	3480.0	3450.0	170	3460.0	3477.9

FT-SE 100 INDEX OPTION (225 pips per full index point)

Open	Settle	Change	High	Low	Est. Vol.	Open	Settle
Dec 3400.0	3420.0	+20.0	3430.0	3400.0	170	3410.0	3427.9
Mar 3425.0	3445.0	+20.0	3455.0	3420.0	170	3435.0	3447.9
Jun 3450.0	3470.0	+20.0	3480.0	3450.0	170	3460.0	3477.9

FT-SE 350 INDEX OPTION (225 pips per full index point)

Open	Settle	Change	High	Low	Est. Vol.	Open	Settle
Dec 3400.0	3420.0	+20.0	3430.0	3400.0	170	3410.0	3427.9
Mar 3425.0	3445.0	+20.0	3455.0	3420.0	170	3435.0	3447.9
Jun 3450.0	3470.0	+20.0	3480.0	3450.0	170	3460.0	3477.9

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Jun 3450.0	3470.0	+20.0	3480.0	3450.0	170	3460.0	3477.9

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FT-SE 100 INDEX OPTION (225 pips per full index point)

36 Health Care(21)	1560.69	+0.4	1545.12	1543.54	1551.10	170
37 Pharmaceuticals(12)	3123.14	+1.1	3089.31	3075.42	3072.74	312

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TRANSPORT - Cont.

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STOCKS AND BONDS		CLOSING PRICES	
STOCKS	BONDS	STOCKS	BONDS
Anglo Am Ind	1000	Price	204
Barrow	100	254	
Gold Fields Prop R	100	1100	
Gold Fields	100	1100	
SASOL	100	400	
SA Brown	100	1240	
Tiger Tann	100	700	
Tongaat-Holst	100	7200	

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CURRENCIES AND MONEY

MARKETS REPORT

Uncertainty about outlook for UK interest rates

Sterling traded steadily yesterday, unaffected by the supplementary budget statement presented by the chancellor Mr Kenneth Clarke, writes Philip Cowell.

The new revenue measures announced were in line with expectations, and there was little market response.

Sterling closed one penny firmer in London at DM2.478, from DM2.476. This upward move reflected Wednesday's 50 basis point rise in UK interest rates, and came before Mr Clarke's budgetary remarks.

More interesting for the market was the appearance before the Treasury select committee of Mr Eddie George, the governor of the Bank of England. His comments left the market confused about the outlook for interest rates.

The dollar had a stronger day, moving from a morning low in Europe, of DM1.567 to a high later of DM1.578. It also edged slightly firmer against the yen, at ¥100.465, from

¥100.15.

In Germany the Bundesbank council, as expected, left its main interest rates unchanged. The Swedish central bank also left rates unchanged, despite expectations of a monetary tightening following recent strong data.

Mr George caused some confusion when he said that British interest rates would plateau "fairly soon". This appeared to contradict other parts of his testimony, which were seen as pointing towards a further rate rise in the first quarter. Mr Richard Phillips, analyst at brokers GNI, said: "People are very confused about what the peak is going to be in the interest rate cycle."

Pound in New York

	Dec 8	Dec 7	Dec 6
1m	1.567	1.565	1.565
3m	1.568	1.565	1.565
1y	1.572	1.565	1.565

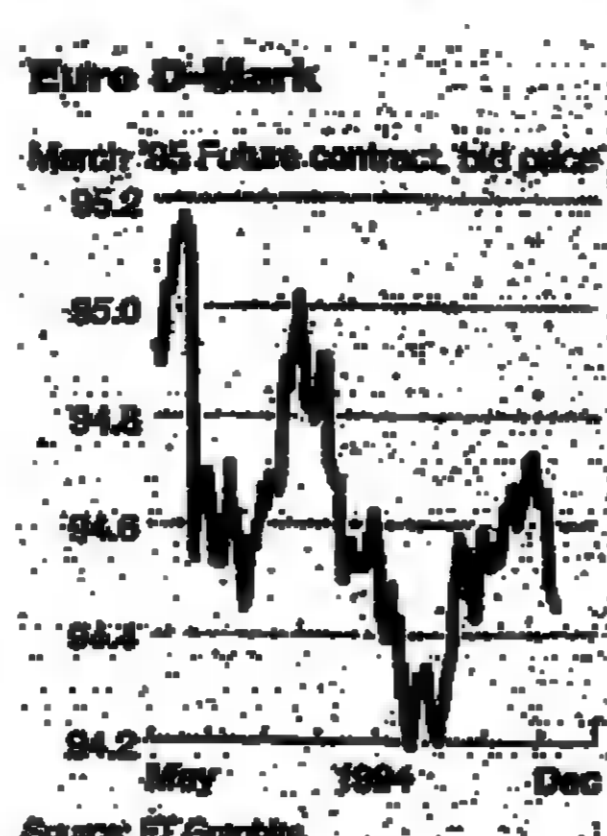
Mr Mike Gallagher, director of IDEA, the financial analysis service, said Mr George's comments "held out the top of the UK interest rate cycle was nearer than in previous situations." While this was good for short sterling, it tends to sap the upside potential of sterling.

Mr George's comments were taken as a buy signal by short sterling traders, and the March contract finished up at \$2.59 from \$2.56.

Mr Chris Turner, currency strategist at BZW, said that with expectations of another rise in US rates having hardened, following recent comments from Mr Alan Greenspan, chairman of the Fed, there was now little to choose between US and UK rates.

The March eurodollar contract is discounting an interest rate of 7.25 per cent, compared to 7.41 for the equivalent short sterling contract.

Mr Turner said the danger for sterling was that by the



end of the month the market might be discounting higher interest rates in the US than in the UK. It was possible, therefore, that a by-product of pre-emptive interest rate rises in the UK might be a weaker pound, if this meant UK rates peaking at a lower level than in the past.

Mr Robert Thomas, currency strategist at NatWest Markets,

said the preparedness of the Bank to go along with the Chancellor's monetary policy from the past in the short term, he said, this would be good for sterling.

More immediately, he said, the outlook for sterling "depends to what extent it pays attention to economic fundamentals, or to political chaos."

Although the dollar rose, the Orange County debacle in the US appears to be acting as a brake. Mr Carl Weinberg, chief economist at High Frequency Economics in New York, commented: "There can only be one basis for linking the dollar to the currency: People now believe, quite correctly, that the Fed is most unlikely to be tightening into this situation, on the grounds that other hard-pressed entities - both public and private - could get pushed over the edge after Orange."

Mr Gallagher said the dollar's failure to move higher was a disappointment. "The impact that drove the dollar higher seems to have petered out," he said. He predicted a trading range for the rest of the year, of DM1.5450 to DM1.5550.

He said there were definite signs of market activity slowing down, a little earlier than was normal.

The Bank of England provided assistance of £740m in its daily operations, after forecasting a £1.35bn shortage. It also provided £815m at the new, higher established rate of 8% per cent. Three month LIBOR firmed slightly to 6 1/2 per cent from 6 1/4 per cent.

Other currencies

Currency	Dec 8	Dec 7	Dec 6
Swiss	174.60	174.80	171.50
Italian	273.00	274.00	270.00
Spanish	166.00	166.00	166.00
Portuguese	202.00	202.00	202.00
Japanese	100.465	100.465	100.465

WORLD INTEREST RATES

Country	Overnight	One month	Three months	Six months	One year	Long term	Dec. rate	Rep. rate
Belgium	4%	5%	5%	5%	5%	7.40	4.00	-
Denmark	4%	5%	5%	5%	5%	7.40	4.00	-
France	4%	5%	5%	5%	5%	7.40	4.00	-
Germany	5.00	5.30	5.30	5.30	5.30	6.00	4.50	4.85
Italy	5%	5%	5%	5%	5%	7.40	4.00	-
Netherlands	4.50	5.30	5.30	5.30	5.30	6.00	4.50	4.85
Spain	4%	5%	5%	5%	5%	7.40	4.00	-
Sweden	4%	5%	5%	5%	5%	7.40	4.00	-
Switzerland	3%	4%	4%	4%	4%	6.25	3.50	-
UK	3%	4%	4%	4%	4%	6.25	3.50	-
US	5%	5%	5%	5%	5%	7.40	4.00	-
Japan	2%	2%	2%	2%	2%	1.75	-	-

LIBOR FT London

Term	Dec 8	Dec 7	Dec 6
Overnight	6 1/2%	6 1/4%	6 1/4%
One month	6 1/2%	6 1/4%	6 1/4%
Three months	6 1/2%	6 1/4%	6 1/4%
Six months	6 1/2%	6 1/4%	6 1/4%
One year	6 1/2%	6 1/4%	6 1/4%

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POUND SPOT FORWARD AGAINST THE POUND

Dec 8		Closing bid	Change on Dec 7	Bid/offer spread	Day's high	Day's low	One month % p/a	Three months % p/a	One year % p/a	Bank of Eng. index			
Europe													
Austria	(Sch)	17.3080	-0.0701	001 - 01	17.3444	17.2880	17.2332	1.0	17.2546	1.3	-	115.9	
Belgium	(Bfr)	50.7180	-0.2294	730 - 848	50.9200	50.4850	50.6759	0.9	50.5550	1.1	-48.9480	1.5	116.8
Denmark	(DKK)	1.0000	0.0000	000 - 000	1.0000	0.9999	0.9999	0.0	0.9550	0.5	90.9400	0.6	115.8
Finland	(Fmk)	7.8227	-0.1034	127 - 327	7.8400	7.7620							87.3
France	(Ffr)	8.4737	-0.0281	704 - 709	8.4942	8.4244	8.4882	0.6	8.4589	0.7	8.3745	1.2	108.7
Germany	(DM)	2.4674	-0.0088	035 - 035	2.4727	2.4600	2.4650	0.2	2.4615	1.0	2.4591	1.7	120.9
Greece	(Dr)	1.54	0.0000	000 - 000	1.54	1.53							108.0
Ireland	(S)	1.0210	-0.0015	202 - 218	1.0234	1.0201	1.0212	-0.2	1.0202	0.8	1.0191	0.2	70.8
Italy	(L)	2550.57	-12.81	900 - 108	2551.75	2532.77	2555.47	-0.4	2545.47	-2.4	2555.77	-2.2	104.8
Netherlands	(Gld)	1.0000	-0.0000	000 - 000	1.0000	0.9999	0.9999	0.0	0.9999	1.3	0.9948	1.5	116.8
Norway	(Nkr)	7.7424	-0.0107	608 - 646	7.7693	7.7451	7.7600	0.8	7.7580	1.0	7.7187	1.8	120.7
Portugal	(Esc)	2.0762	-0.0315	397 - 508	10.7748	10.6484	10.7455	6.0	10.7454	0.0	10.7398	0.1	86.0
Spain	(Ptas)	165.995	-0.0000	000 - 000	165.995	165.995	165.995	0.0	165.995	0.0	165.995	0.0	116.8
Sweden	(Skr)	205.778	-1.051	857 - 976	205.905	205.595	207.000	-1.7	207.588	-1.6	206.985	-1.5	85.0
Switzerland	(Sfr)	11.7638	-0.0315	527 - 534	11.7957	11.6935	11.7798	-1.7	11.8121	-1.7	11.8031	-1.4	75.8
United Kingdom	(Sterling)	2.0925	-0.0027	011 - 009	2.0917	2.0744	2.0890	2.1	2.0784	2.1	2.083	2.7	120.2
USA		1.5920	-0.0137	891 - 869	1.5940	1.5894	1.5921	-0.1	1.5911	0.3	1.5904	0.7	120.2
SDR†		0.929521											
Asia/Pacific													
Japan	(Yen)	1.5805	-0.0006	989 - 810	1.5878	1.5540							
Brazil	(R)	1.3288	-0.0028	243 - 292	1.3295	1.3198							
Canada	(C\$)	2.1608	-0.0008	598 - 618	2.1678	2.1515	2.1612	-0.2	2.1593	0.8	2.151	0.0	86.0
China	(Rmb)	0.0000	0.0000	000 - 000	0.0000	0.0000							
Hong Kong	(HK\$)	1.0940	-0.0004	835 - 844	1.0985	1.0925	1.0941	-0.1	1.0937	0.1	1.0923	0.1	65.4
India	(Rupee)												
Middle East/Africa													
Australia	(A\$)	2.0513	-0.0011	500 - 525	2.0598	2.0390	2.0596	-1.3	2.0379	-1.8	2.0465	-1.8	
Canada	(C\$)	12.0205	-0.0001	934 - 936	12.1913	12.0250	12.0595	-4	12.0215	-2	12.0975	1.5	
China	(Rmb)	46.0011	-0.0181	501 - 791	46.2040	46.0130							
Japan	(Y)	157.123	-0.448	038 - 207	157.800	156.540	158.633	37	155.588	3.8	148.823	4.6	188.2
Malaysia	(M\$)	4.0708	-0.0004	688 - 127	4.0834	4.0700							
Netherlands	(Gld)	2.0782	-0.0000	000 - 000	2.0782	2.0782	2.0773	-0.3	2.469	-2.8	2.5239	-2.1	
Philippines	(P\$)	37.3131	-0.0421	113 - 148	38.0200	37.5092							
Saudi Arabia	(Riyal)	5.6860	-0.0017	639 - 081	5.6927	5.6526							
Singapore	(S\$)	2.2570	-0.0012	855 - 864	2.2612	2.2445							
South Korea	(W\$)	5.5577	-0.0105	454 - 575	5.5717	5.5515							
Taiwan	(N\$)	5.6980	-0.0078	885 - 235	5.5311	5.2976							
Thailand	(Baht)	1237.54	-41.72	720 - 807	1240.88	1236.40							
USA		1.5920	-0.0137	891 - 869	1.5940	1.5894	1.5921	-0.1	1.5911	0.3	1.5904	0.7	
UK		2.0925	-0.0027	011 - 009	2.0917	2.0744	2.0890	2.1	2.0784	2.1	2.083	2.7	

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Microsoft	68.12	67.87	68.00	67.87	-0.13
Apple	54.12	53.87	54.00	53.87	-0.13
Oracle	48.12	47.87	48.00	47.87	-0.13
Sun	42.12	41.87	42.00	41.87	-0.13
HP	36.12	35.87	36.00	35.87	-0.13
Motorola	30.12	29.87	30.00	29.87	-0.13
Intel	24.12	23.87	24.00	23.87	-0.13
Compaq	18.12	17.87	18.00	17.87	-0.13
Seagate	12.12	11.87	12.00	11.87	-0.13
Western Digital	10.12	9.87	10.00	9.87	-0.13
3Com	8.12	7.87	8.00	7.87	-0.13
NetScout	6.12	5.87	6.00	5.87	-0.13
Novell	4.12	3.87	4.00	3.87	-0.13
Lotus	2.12	1.87	2.00	1.87	-0.13
Parsons	1.12	0.87	1.00	0.87	-0.13
Unisys	0.12	0.07	0.00	0.07	-0.03

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Stock	High	Low	Open	Close	Change
IBM	125.12	124.87	125.00	124.87	-0.13
Microsoft	68.12	67.87	68.00	67.87	-0.13
Apple	54.12	53.87	54.00	53.87	-0.13
Oracle	48.12	47.87	48.00	47.87	-0.13
Sun	42.12	41.87	42.00	41.87	-0.13
HP	36.12	35.87	36.00	35.87	-0.13
Motorola	30.12	29.87	30.00	29.87	-0.13
Intel	24.12	23.87	24.00	23.87	-0.13
Compaq	18.12	17.87	18.00	17.87	-0.13
Seagate	12.12	11.87	12.00	11.87	-0.13
Western Digital	10.12	9.87	10.00	9.87	-0.13
3Com	8.12	7.87	8.00	7.87	-0.13
NetScout	6.12	5.87	6.00	5.87	-0.13
Novell	4.12	3.87	4.00	3.87	-0.13
Lotus	2.12	1.87	2.00	1.87	-0.13
Parsons	1.12	0.87	1.00	0.87	-0.13
Unisys	0.12	0.07	0.00	0.07	-0.03

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Microsoft	68.12	67.87	68.00	67.87	-0.13
Apple	54.12	53.87	54.00	53.87	-0.13
Oracle	48.12	47.87	48.00	47.87	-0.13
Sun	42.12	41.87	42.00	41.87	-0.13
HP	36.12	35.87	36.00	35.87	-0.13
Motorola	30.12	29.87	30.00	29.87	-0.13
Intel	24.12	23.87	24.00	23.87	-0.13
Compaq	18.12	17.87	18.00	17.87	-0.13
Seagate	12.12	11.87	12.00	11.87	-0.13
Western Digital	10.12	9.87	10.00	9.87	-0.13
3Com	8.12	7.87	8.00	7.87	-0.13
NetScout	6.12	5.87	6.00	5.87	-0.13
Novell	4.12	3.87	4.00	3.87	-0.13
Lotus	2.12	1.87	2.00	1.87	-0.13
Parsons	1.12	0.87	1.00	0.87	-0.13
Unisys	0.12	0.07	0.00	0.07	-0.03

AMERICA

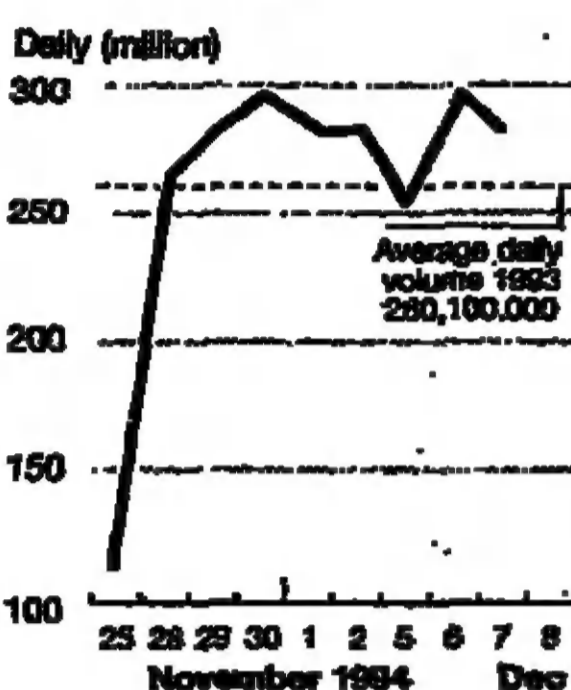
US equities pressured by bond market

Wall Street

US share prices fell modestly amid uncertainty about the repercussions of the financial troubles in Orange County, California, and renewed fears that the Federal Reserve would raise interest rates in the near term, writes Lisa Branstetter in New York.

By 1 p.m., the Dow Jones Industrial Average was down 30.18 at 3,715.34. The more broadly-based Standard & Poor's 500 was down 1.90 at 449.33, the American Stock Exchange composite off 3.53 at 425.65 and the Nasdaq composite 6.72 at 737.55. Trading volume on the NYSE was 190m shares.

NYSE volume



The Dow edged up nearly 7 points at the opening, but slid below Wednesday's close by late morning on the heels of a declining bond market. Both markets remained skittish after Mr. Alan Greenspan, chairman of the Federal Reserve, told a Congressional panel that he remained concerned about inflationary pressures in the economy.

Mr. Greenspan said he believed higher prices in raw materials and intermediate goods would ultimately spill over to consumer prices, which had held relatively steady this year.

With little other economic news yesterday, investors focused on the comments, which many interpreted as a sign that the Fed would raise rates again by early next year. The Fed has boosted rates six times this year, and investors fear another increase would choke off corporate earnings by slowing consumer demand and making borrowing more expensive.

Financial problems in Orange County continued to trouble the market. Analysts remained uncertain as to how the bankruptcy would affect banks that had been lenders to the county, and there was concern that other municipalities might face similar crises.

Morgan Stanley bucked a downward trend among US investment banks after reporting that it was in merger dis-

cussions with SG Warburg. Morgan Stanley was up 8% at \$37, while most other big investment banks declined. Lehman Brothers lost 1% at \$137, Salomon Brothers fell 1% at \$33, Merrill Lynch dipped 1% at \$33, and PaineWebber shed 1% at \$12.

Airline shares took a beating after two large carriers announced they anticipated weaker-than-expected results for the fourth quarter. Southwest Air fell 3% at \$167 and Continental Air dropped 3% at \$72.50, but the latter's fourth quarter results would probably come in below analysts' forecasts.

Shares in Apache gained 1% at \$25 after an analyst from Bear Stearns put a buy recommendation, saying that its decline to \$25 made it an attractive value. The oil and gas company's high for the year is \$29.

Caesars World rose 1% at \$42 on news that Bally Entertainment had the green light from federal regulators to acquire a major stake in the casino company. Shares of Bally Entertainment were unchanged at \$5.

Canada

Toronto was lower at midday with traders commenting on a notable lack of enthusiasm for the market in the wake of the Orange County bankruptcy.

The TSX 300 composite index fell 13.50 to 4,055.98 in volume of 28.8m shares. Declining issues outnumbered advances 338 to 230, with 285 stocks holding their ground at midday.

Only three of the 14 sub-indices were higher. The previous metals group dropped 0.8 per cent after surging 3.7 per cent on Wednesday.

Paper and forestry was higher, gaining 0.9 per cent as the heavily weighted Macmillan Bloedel rose 0.9% to C\$18 in busy trading.

Brazil

Shares in São Paulo were up 3.3 per cent in light of midday trade as the market staged a technical recovery ahead of forthcoming futures and options settlements.

The Bovespa index was up 1,511 at 47,483 by 1 p.m. in turnover of R\$179.2m (\$211.3m), but foreign activity was reported to have been low.

Investors were also encouraged by data from the Geography and Statistics Institute that the country's GDP had risen by 6 per cent in the third quarter of 1994 after the introduction of the new real currency on July 1.

Telebras preferred rose 3.7 per cent to R\$41.50, Vale do Rio Doce was up 1.9 per cent to R\$157, and Petróbras 4.7 per cent to R\$122.

Golds lead S Africa lower

Johannesburg struggled for direction as an initial gold share rally quickly ran out of steam. Most stocks ended weaker in thin volume. Dealers said Wednesday's large gold share gains had been overdone and that a soft bullion price had slowed opening enthusiasm.

Industrials remained lacklustre, reflecting uncertainty about Wall Street direction, a mixed performance from Lon-

don and a lack of fresh factors locally. The overall index lost 15.5 at 5,758.5, industrials fell 19.5 to 6,903.7 and golds slipped 21.1 to 1,950.8.

De Beers and Anglo each gave up 50 cents to \$92.75 and \$92.50 respectively. Gold Fields was 23 cents down at \$130 but Gencor picked up 5 cents to \$133.80. Absa extended its recent strong run, adding 15 cents to \$131.50, but the rest of the banking sector was quiet.

EUROPE

Bourses moved by individual corporate news

Corporate news was the main influence on bourses yesterday, writes *Our Markets Staff*. Madrid and Milan were closed for a religious holiday.

FRANKFURT's fall in floor trading, the Dax index coming out 13.39 lower at 2,042.21, mostly incorporated the losses on Wednesday afternoon when the key index closed at 2,044.4 in floor trading. Turnover fell from DM5.1bn to DM4.2bn.

The session produced one big reaction, Bilfinger & Berger falling DM44 or 5.4 per cent after a further 20 per cent drop yesterday in the share price of the construction group's Hong Kong offshoot B+B Asia. This followed the unit's reported loss of HK\$30.8m from a major civil engineering project linked to the colony's new airport.

The fall seemed belated, and perhaps arguable. B+B shares had fallen 13 per cent in Hong Kong on Tuesday, and 11 per cent on Wednesday for precisely the same reason. Furthermore, said Mr. Karl Debanham, German market analyst at Williams de Broe, Bilfinger had provided ample for such contingencies with provisions

of DM1.5bn against capital of DM1bn at the last balance sheet date.

After hours, the Ibis-Indextel Dax eased a fraction to 2,041.85.

In chemicals, Henkel recovered more of its recent losses, up DM6.40 at DM539, but other selling targets like Deutsche Babcock and MAN in engineering continued downward, losing DM5.50 at DM193.50 and DMS at DM297 respectively. Babcock disappointed with its recent progress report and MAN, on an average rating, deserved to be there, said Mr. Urs Emminger at CS Investment Research in Zurich.

PARIS, having moved for most of the day in a range between 1,970 and 1,960, fell away as Wall Street opened lower, and the CAC-40 index lost 15.75 at 1,954.00 in turnover of below FF7.5bn.

Total, off FF10.50 or 3 per cent at FF219.80, was reported to have been downgraded by a domestic broker, but no details were forthcoming. This recommendation came a few days after a US broker raised its opinion on the stock.

The automotive sector was

FT-SE Actuaries Share Indices

Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1
FT-SE Actuaries 100	1294.09	1294.09	1293.91	1293.49	1293.72	1293.47	1293.58
FT-SE Actuaries 200	1292.88	1293.55	1292.89	1293.51	1293.53	1292.50	1294.38

generally weaker, with the exception of Valeo which staged a partial recovery from Wednesday's 4 per cent fall, gaining FF6.70 or 2.6 per cent at FF282.

Mr. Keith Ashworth-Lord, head of research at Daiwa Europe, said he believed the recent fall in Valeo's shares had been overdone. One of the reasons for its weakness, he said, was due to a perception that the company had not been able to pass on price rises in raw materials supplies, such as zinc and copper. However, he added, the company had hedged itself against volatility in commodities until the middle of next year, and was also showing a significant improvement in winning market share from competitors.

AMSTERDAM fell back from opening levels, leaving the AEX index off 0.80 on the day at 408.29.

VNU, the publishing and media group, which holds a 38 per cent stake in RTL, a commercial broadcaster, was lifted by news that it had opened talks on possible co-operation with a rival Dutch television production company. VNU's shares gained FL2.80 or 1.6 per cent at FL117.50, and analysts believed that a partnership agreement would limit further fragmentation of the industry. Talks on partnership between RTL and another broadcasting group founded last month.

ZURICH edged higher in very quiet dealings, with many investors absent for a religious holiday in parts of the country.

The SMI index finished 5.50 ahead at 2,589.3.

The continued firmness of the dollar attracted steady demand for industrials with large exposure to the US currency. Nestlé rose SF7 to SF11.25, Ciba by SF4 to SF17.70 and Roche certificates by SF40 to SF5.550.

Banks, however, remained under pressure from further switches into the insurance sector. CS Holding fell SF6 to SF5.98 ahead of news that it planned to unify its share structure in a single class of registered shares, while Swiss Re added SF6 to SF7.50.

An SF25 fall to SF7610 in SMH was attributed to concern over the watchmaker's Swatch sales. Interdiscount, the electronics retailer, fell another SF140 to SF150 in further response to a bank's bearish note.

STOCKHOLM corrected recent falls, and the Allshare index rallied 4.6 to 1,476.4.

Ericsson staged a SK4 or 1 per cent rebound to SK305.5, supported by a higher opening for telecommunications issues on Wall Street. However, this

did not fully erase Wednesday's 1.8 per cent dive, which was triggered by rumours that Fidelity's Magellan Fund was selling its large stake.

HELSINKI's Hex index fell 11.8 to 1,567.7, but the country's second largest forestry group, Kymmene, rose FM5 to FM125 after calling off a global equity funding plan. Traders said that investors who had sold the shares to subscribe to the issue bought them back on the news.

WARSAW fell 6.9 per cent, extending Wednesday's 4.3 per cent slide, with selling pressure so strong that the bourse scaled down many sell orders and cancelled trading in six issues. The Wig index lost 451.1 to 7,247.4 in further reaction to plans for a 0.3 per cent stock transaction tax from January.

Turnover picked up by 10 per cent to 610m zlotys which, dealers said, suggested that some bigger investors were buying stocks and that this might help to cushion further falls today.

Written and edited by William Cochrane, John Pitt and Michael Morgan

ASIA PACIFIC

Hong Kong at 14-month low on fears of US rate rise

In Osaka, the OSE average slipped 31.40 to 21,182.10 in volume of 58.3m shares.

Tokyo

On a day of little real movement the Nikkei 225 average finished slightly higher but first section stocks as a whole eased a shade, most investors staying on the sidelines in the absence of market-moving news, writes Robert Patton in Tokyo.

The Nikkei closed 5.81 firmer at 19,180.04 after a day of quiet trading. There was little activity in the 14 sub-indices, but some brokers pointed to the recovery of the US dollar above ¥100 as an encouraging sign. Throughout the day the index traded in a narrow range from a high of 19,288.36 to a low of 19,135.33.

Volume dipped to an estimated 210m shares from Wednesday's 222.17m. The Topix index of all first-section stocks ended 4.29 off at 1,821.06, while declining issues outnumbered advances by 386 to 355, with 227 stocks unchanged. The capital-weighted Nikkei 300 slipped 0.55 to 289.50. In London the ISE/Nikkei 50 index gained 4.52 at 1,263.69.

Steel shares lost ground on news that three Japanese carmakers will shift some steel purchasing from Japan to South Korea, where prices are about 20 per cent lower.

Nippon Steel, which has agreed to reduce prices to carmakers by next spring, fell ¥6 to ¥368 in the day's highest volume of 5.2m shares. NKK was off ¥9 at ¥269 and Kobe Steel shed ¥5 to ¥311, both in active trading. Sumitomo Metal Industries slipped ¥3 to ¥320, but Kawasaki Steel ticked up ¥1 to ¥233.

Most privatised issues lost ground. Japan Tobacco fell ¥6,000 to ¥950,000, a new low following its October 27 listing. East Japan Railway receded ¥4,000 to ¥469,000, but NTT recovered ¥5,000 to finish at ¥469,000.

High-technology groups and integrated electricals declined across the board. Toshiba lost ¥13 at ¥713, Matsushita Electric Industrial ¥10 at ¥1,580, Sony ¥90 at ¥3,550, NEC ¥10 at ¥1,140 and Sharp ¥10 at ¥1,710. Game makers advanced. Sega Enterprises moved up for the ninth consecutive day, climbing ¥160 to ¥5,710. Nintendo added ¥100 to ¥5,900.

US interest rate fears again cast a shadow over the region yesterday, with a number of markets showing sharp downward swings.

The Pacific Basin region, excluding Japan, has delivered a disappointing performance this year, and after staging a modest bounce between August and October, has returned to levels seen at the start of July.

HONG KONG closed at a 14-month low as the spectre of rising US interest rates continued to undermine sentiment. The Hang Seng index ended 200.19 or 2.4 per cent down at 8,068.31, taking its decline from January's peak to 36 per cent.

The December index futures contract heralded further market falls, dropping to a discount to the physical market at 7,990, down 265 in heavy volume. In subsequent London trading, prices steadied and the indicative index eased another 27 to 8,042.

Brokers expressed concern that local stocks would fall further if Wall Street continued to slide on fears of rising rates, and if funds migrated to US bond markets from Asian equities. Reports this week of sinking demand for residential properties also weighed on the market.

The property sub-index fell 487.76 or 3.3 per cent to 13,653.80. Cheung Kong dipped 80 cents to HK\$30.50 and Sun Hung Kai Properties retreated HK\$1.30 to HK\$41.50.

KUALA LUMPUR saw further heavy falls in Telekom Malaysia and Tenaga Nasional which dragged the composite index down 26.34 or 2.8 per cent to 925.34, its lowest close of the year.

The declines in Telekom and Tenaga were attributed to redemption of funds and hedge-selling by foreign institutions, particularly in the US. Tenaga Nasional finished 30 cents down at M\$9.30, falling below the M\$10 level for the first time since mid-1993. Telekom relinquished 70 cents at M\$16.40.

SINGAPORE declined 1.9 per cent on continued selling by

foreign investors in anticipation of redemption of funds and on the withdrawal of retail investors.

Brokers said overall sentiment was weak, hit by the Dow's overnight fall, inflation warnings from the US Federal Reserve chairman Mr. Alan

Greenspan and redemption-led selling in Malaysia.

The Straits Times Industrial index fell 40.70 to 2,139.59, while the JOB OTC index, tracking Malaysian stocks, shed 17.87 to 1,068.11.

SEOUL encountered further institutional selling of blue chips, amid worries about the market's direction, but demand remained strong for shares with good earnings prospects.

The composite index lost 15.23 or 1.4 per cent at 1,063.70. Institutional investors were also worried that the central bank would tighten its money supply policies after the bank penalised a commercial bank with a large amount of one-day penalty funds for failing to meet its Won reserve obligations.

Most blue chips fell by their daily limits, Samsung Electronics and Posco dipping Won3,000 and Won2,000 to Won112,500 and Won65,100 respectively.

BOMBAY extended its slide in sluggish trade on the last day of the current account period, the BSE 30-share index weakening 52.66 or 1.3 per cent to 3,925.73, off 158.50 since Tuesday and 15.2 per cent down from its all-time peak of 4,628.75 set on September 12.

SYDNEY was led higher by gains among non-resource issues, with light bargain hunting following recent declines. The All Ordinaries index improved 6.8 to 1,875.8. Turnover was estimated at A\$66m.

An increase in November unemployment to 9.2 per cent from 9.1 per cent a month before, was said to have had little effect on sentiment, even though it was at the top end of expectations.

Among the main movers, BHP rose 16 cents to A\$19.02, News Corp 14 cents to A\$5.06, and Fairfax a cent to A\$2.64. In the banking sector, NAB firmed 6 cents to A\$10.70 and

ANZ put on 3 cents at A\$1.92. TAFEI did not build on Wednesday's gains as some investors decided to take profits. The weighted index eased 2.3 to 6,775.38 in turnover of T\$82.06m.

Textile shares, which had been benefiting recently from price rises in the sector, reversed early gains on profit-taking. Shinkong Synthetic Fibres lost 20 cents at T\$35.40.

Cements outperformed the weak industrial sector, with Taiwan Cement adding T\$1.20 or 2.4 per cent at T\$40.80. MANILA also succumbed to profit-taking, following gains over the last three sessions. The composite index surrendered 6.81 at 2,666.36.

Among sector indices, the commercial and industrial index retreated 8.34 to 3,922.14, while mines rose 16.50 to 4,545.68. Turnover was thin at just 968.7m pesos, against Wednesday's 1.42m pesos.

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FT-ACTUARIES WORLD INDICES

NATIONAL AND REGIONAL MARKETS															
Figures in parentheses show number of lines of stock															
	US Dollar Index	Day's Change	WEDNESDAY DECEMBER 7 1994	Local Index	Local % chg	Gross DOLLAR INDEX	US Dollar Index	Day's Change	TUESDAY DECEMBER 6 1994						
			Pound Sterling	Yen Index	DM Index		Pound Sterling		Local Currency						
									62 week						
									52 week						
									Year ago						
Australia (68)	167.12	-1.0	168.38	105.80	136.50	144.39	-1.2	3.99	168.84	107.00	138.04	146.11	169.15	157.11	167.11
Austria (16)	179.23	0.1	180.85	113.48	146.39	145.84	-0.4	1.11	179.09	169.87	113.49	146.41	148.29	169.89	167.48
Belgium (28)	168.41	0.1	169.50	106.62	157.25	134.04	0.0	4.12	168.20	159.54	106.59	137.20	134.08	177.04	159.94
Brazil (28)	170.90	0.0	161.55	106.10	135.58	208.12	0.4	0.77	170.14	161.30	107.82	159.08	204.95	-	-
Canada (103)	127.69	-0.2	121.01	80.83	104.29	127.55	0.2	2.89	127.82	121.34	81.06	104.67	148.21	148.21	134.25
Denmark (32)	142.70	0.6	142.70	153.64	194.22	203.15	0.5	1.46	141.33	228.91	152.93	187.29	202.01	245.74	234.08
Finland (21)	182.00	0.7	172.47	115.22	148.65	185.78	0.3	0.75	180.12	171.43	114.53	147.74	185.20	204.41	116.85
France (102)	168.13	0.0	168.23	109.44	137.32	142.37	0.0	3.01	168.08	159.44	106.92	141.23	142.38	160.37	159.34
Germany (69)	136.34	0.5	131.10	87.58	112.59	112.59	0.4	1.83	137.81	159.57	87.08	115.50	127.80	154.67	134.87
Hong Kong (59)	351.05	-0.6	313.71	200.55	270.37	238.73	-0.6	3.77	332.85	315.77	210.98	272.15	330.55	306.66	327.43
Italy (59)	196.54	0.3	196.54	124.62	177.17	181.28	0.2	3.62	198.16	189.08	124.62	180.57	180.52	218.90	176.83
Japan (168)	172.09	-0.2	168.29	46.82	98.86	87.20	-0.7	1.81	172.34	98.86	46.78	98.08	87.70	97.78	95.57
Malaysia (87)	153.41	-0.6	145.38	87.12	155.50	87.12	-0.7	0.78	154.30	147.37	87.78	126.15	97.78	170.10	127.18
Netherlands (19)	168.38	-0.1	162.45	280.67	391.35	480.92	-0.1	1.91	167.25	443.22	280.11	392.00	491.40	621.85	480.71
New Zealand (14)	209.03	0.3	194.12	130.53	164.15	177.35	0.4	1.31	205.99	190.79	130.31	167.50	177.47	204.08	190.28
Norway (18)	203.06	-0.2	198.69	132.73	171.24	168.32	-0.4	2.43	210.14	199.34	132.18	171.80	169.95	223.30	191.28
South Africa (59)	202.54	0.8	202.54	83.29	115.18	194.60	-0.1	4.88	202.54	83.29	115.18	194.60	194.60	194.60	194.60
Spain (28)	141.03	0.2	139.64	83.29	115.18	194.60	-0.1	4.88	140.57	135.43	86.15	115.00	140.02	135.79	132.91
Sweden (39)	220.38	-0.6	217.05	144.98	187.03	254.20	-1.0	1.57	220.31	218.46	145.85	188.00	220.65	242.81	188.11
Singapore (44)	302.18	-1.1	302.18	227.38	283.26	242.90	-0.5	1.76	302.76	344.10	229.89	298.57	244.84	401.31	294.65
Switzerland (47)	159.94	-0.2	159.94	101.57	101.25	130.93	131.83	-0.1	1.85	160.24	162.00	101.55	131.01	151.79	176.69
Thailand (48)	154.80	-0.2	145.70	100.80	128.44	150.82	-1.0	2.44	159.28	148.94	90.04	127.77	162.08	-	-
United Kingdom (204)	161.28	0.0	171.34	141.24	165.88	161.34	-0.4	2.96	161.29	161.45	141.23	155.39	161.45	214.96	181.11
USA (714)	144.62	0.4	176.14	116.97	165.13	161.64	-0.1	4.28	165.39	175.84	117.15	151.25	165.39	196.04	175.95
Armenia (683)	172.67	-0.4	183.64	139.31	141.03	145.81	-0.3	2.90	173.92	164.40	139.54	149.19	144.12	-	-
Australia (68)	167.12	-1.0	168.38	105.80	136.50	144.39	-1.2	3.99	168.84	107.00	138.04	146.11	169.15	157.11	167.11
Brazil (28)	170.90	0.0	161.55	106.10	135.58	208.12	0.4	0.77	170.14	161.30	107.82	159.08	204.95	-	-
Canada (103)	127.69	-0.2	121.01	80.83	104.29	127.55	0.2	2.89	127.82	121.34	81.06	104.67	148.21	148.21	134.25
Denmark (32)	142.70	0.6	142.70	153.64	194.22	203.15	0.5	1.46	141.33	228.91	152.93	187.29	202.01	245.74	234.08
Finland (21)	182.00	0.7	172.47	115.22	148.65	185.78	0.3	0.75	180.12	171.43	114.53	147.74	185.20	204.41	116.85
France (102)	168.13	0.0	168.23	109.44	137.32	142.37	0.0	3.01	168.08	159.44	106.92	141.23	142.38	160.37	159.34
Germany (69)	136.34	0.5	131.10	87.58	112.59	112.59	0.4	1.83	137.81	159.57	87.08	115.50	127.80	154.67	134.87
Hong Kong (59)	351.05	-0.6	313.71	200.55	270.37	238.73	-0.6	3.77	332.85	315.77	210.98	272.15	330.55	306.66	327.43
Italy (59)	196.54	0.3	196.54	124.62	177.17	181.28	0.2	3.62	198.16	189.08	124.62	180.57	180.52	218.90	176.83
Japan (168)	172.09	-0.2	168.29	46.82	98.86	87.20	-0.7	1.81	172.34	98.86	46.78	98.08	87.70	97.78	95.57
Malaysia (87)	153.41	-0.6	145.38	87.12	155.50	87.12	-0.7	0.78	154.30	147.37	87.78	126.15	97.78	170.10	127.18
Netherlands (19)	168.38	-0.1	162.45	280.67	391.35	480.92	-0.1	1.91	167.25	443.22	280.11	392.00	491.40	621.85	480.71
New Zealand (14)	209.03	0.3	194.12	130.53	164.15	177.35	0.4	1.31	205.99	190.79	130.31	167.50	177.47	204.08	190.28
Norway (18)	203.06	-0.2	198.69	132.73	171.24	168.32	-0.4	2.43	210.14	199.34	132.18	171.80	169.95	223.30	191.28
South Africa (59)	202.54	0.8	202.54	83.29	115.18	194.60	-0.1	4.88	202.54	83.29	115.18	194.60	194.60	194.60	194.60
Spain (28)	141.03	0.2	139.64	83.29	115.18	194.60	-0.1	4.88	140.57	135.43	86.15	115.00	140.02	135.79	132.91
Sweden (39)	220.38	-0.6	217.05	144.98	187.03	254.20	-1.0	1.57	220.31	218.46	145.85	188.00	220.65	242.81	188.11
Singapore (44)	302.18	-1.1	302.18	227.38	283.26	242.90	-0.5	1.76	302.76	344.10	229.89	298.57	244.84	401.31	294.65
Switzerland (47)	159.94	-0.2	159.94	101.57	101.25	130.93	131.83	-0.1	1.85	160.24	162.00	101.55	131.01	151.79	176.69
Thailand (48)	154.80	-0.2	145.70	100.80	128.44	150.82	-1.0	2.44	159.28	148.94	90.04	127.77	162.08	-	-
United Kingdom (204)	161.28	0.0	171.34	141.24	165.88	161.34	-0.4	2.96	161.29	161.45	141.23	155.39	161.45	214.96	181.11
USA (714)	144.62	0.4	176.14	116.97	165.13	161.64	-0.1	4.28	165.39	175.84	117.15	151.25	165.39	196.04	175.95
Armenia (683)	172.67	-0.4	183.64	139.31	141.03	145.81	-0.3	2.90	173.92	164.40	139.54	149.19	144.12	-	-
Australia (68)	167.12	-1.0	168.38	105.80	136.50	144.39	-1.2	3.99	168.84	107.00	138.04	146.11	169.15	157.11	167.11
Brazil (28)	170.90	0.0	161.55	106.10	135.58	208.12	0.4	0.77	170.14	161.30	107.82	159.08	204.95	-	-
Canada (103)	127.69	-0.2	121.01	80.83	104.29	127.55	0.2	2.89	127.82	121.34	81.06	104.67	148.21	148.21	134.25
Denmark (32)	142.70	0.6	142.70	153.64	194.22	203.15	0.5	1.46	141.33	228.91	152.93	187.29	202.01	245.74	234.08
Finland (21)	182.00	0.7	172.47	115.22	148.65	185.78	0.3	0.75	180.12	171.43	114.53	147.74	185.20	204.41	116.85
France (102)	168.13	0.0	168.23	109.44	137.32	142.37	0.0	3.01	168.08	159.44	106.92	141.23	142.38	160.37	159.34
Germany (69)	136.34	0.5	131.10	87.58	112.59	112.59	0.4	1.83	137.81	159.57	87.08	115.50	127.80	154.67	134.87
Hong Kong (59)	351.05	-0.6	313.71	200.55	270.37	238.73	-0.6	3.77	332.85	315.77	210.98	272.15	330.55	306.66	327.43
Italy (59)	196.54	0.3	196.54	124.62	177.17	181.28	0.2	3.62	198.16	189.08	124.62	180.57	180.52	218.90	176.83
Japan (168)	172.09	-0.2	168.29	46.82	98.86	87.20	-0.7	1.81	172.34	98.86	46.78	98.08	87.70	97.78	95.57
Malaysia (87)	153.41	-0.6	145.38	87.12	155.50	87.12	-0.7	0.78	154.30	147.37	87.78	126.15	97.78	170.10	127.18
Netherlands (19)	168.38	-0.1	162.45	280.67	391.35	480.92	-0.1	1.91	167.25	443.22	280.11	392.00	491.40	621.85	480.71
New Zealand (14)	209.03	0.3	194.12	130.53	164.15	177.35	0.4	1.31	205.99	190.79	130.31	167.50	177.47	204.08	190.28
Norway (18)	203.06	-0.2	198.69	132.73	171.24	168.32	-0.4	2.43	210.14	199.34	132.18	171.80	169.95	223.30	191.28
South Africa (59)	202.54	0.8	202.54	83.29	115.18	194.60	-0.1	4.88	202.54	83.29	115.18	194.60	194.60	194.60	194.60
Spain (28)	141.03	0.2	139.64	83.29	115.18	194.60	-0.1	4.88	140.57	135.43	86.15	115.00	140.02	135.79	132.91
Sweden (39)	220.38	-0.6	217.05	144.98	187.03	254.20	-1.0	1.57	220.31	218.46	145.85	188.00	220.65	242.81	188.11
Singapore (44)	302.18	-1.1	302.18	227.38	283.26	242.90	-0.5	1.76	302.76	344.10	229.89	298.57	244.84	401.31	294.65
Switzerland (47)	159.94	-0.2	159.94	101.57	101.25	130.93	131.83	-0.1	1.85	160.24	162.00	101.55	131.01	151.79	176.69
Thailand (48)	154.80	-0.2	145.70	100.80	128.44	150.82	-1.0	2.44	159.28	148.94	90.04	127.77	162.08	-	-
United Kingdom (204)	161.28	0.0	171.34	141.24	165.88	161.34	-0.4	2.96	161.29	161.45	141.23	155.39	161.45	214.96	181.11
USA (714)	144.62	0.4	176.14	116.97	165.13	161.64	-0.1	4.28	165.39	175.84	117.15	151.25	165.39	196.04	175.95
Armenia (683)	172.67	-0.4	183.64	139.31	141.03	145.81	-0.3	2.90	173.92	164.40	139.54	149.19	144.12	-	-
Australia (68)	167.12	-1.0	168.38	105.80	136.50	144.39	-1.2								